

**BOMBARDIER INC.**  
**AMENDMENT TO NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS 2016**

**Date:** Friday, April 29, 2016  
**Time:** 10:00 a.m. (Montréal time)  
**Place:** Bombardier Inc.  
13100 Henri-Fabre Boulevard  
Mirabel, Québec, Canada

The holders of Class A shares (multiple voting) and/or Class B shares (subordinate voting) of Bombardier Inc. whose names appear on the list of shareholders of Bombardier Inc. on Monday, March 7, 2016, at 5:00 p.m. (Montréal time) will be entitled to receive this amendment to the notice of the meeting of shareholders and to vote at the meeting.

By order of the Board of Directors,



Daniel Desjardins  
Senior Vice President, General Counsel and Corporate Secretary  
Montreal, Québec, Canada, March 29, 2016

THE PURPOSE OF THIS AMENDMENT IS TO INFORM HOLDERS OF CLASS A SHARES (MULTIPLE VOTING) AND/OR CLASS B SHARES (SUBORDINATE VOTING) OF BOMBARDIER INC. ENTITLED TO RECEIVE NOTICE OF THE MEETING OF SHAREHOLDERS AND TO VOTE AT THE MEETING OF A CHANGE IN THE DATE AND PLACE OF THE MEETING TO APRIL 29, 2016 AT THE FOLLOWING ADDRESS: BOMBARDIER INC., 13100 HENRI-FABRE BOULEVARD, MIRABEL, QUÉBEC, CANADA. ANY AND ALL REFERENCES TO APRIL 28, 2016 AND TO THE PLACE OF THE MEETING IN THE ACCOMPANYING MANAGEMENT PROXY CIRCULAR (INCLUDING THE EXHIBITS), FORM OF PROXY AND VOTING INSTRUCTION FORM SHALL BE DEEMED TO BE REFERENCES TO APRIL 29, 2016 AND TO THE PLACE OF THE MEETING AS HEREBY AMENDED, RESPECTIVELY. OTHER CONSEQUENTIAL ADJUSTMENTS SHALL BE MADE AS APPROPRIATE TO THE ACCOMPANYING PROXY-RELATED MATERIALS, INCLUDING WITHOUT LIMITATION TO ADJUST THE DATE BY WHICH SHAREHOLDER PROPOSALS MUST BE RECEIVED IN RESPECT OF THE 2017 ANNUAL MEETING OF SHAREHOLDERS TO DECEMBER 9, 2016.

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**BOMBARDIER INC.**  
**MODIFICATION À L'AVIS DE CONVOCATION À L'ASSEMBLÉE ANNUELLE ET EXTRAORDINAIRE DES ACTIONNAIRES 2016**

**Date :** Le vendredi 29 avril 2016  
**Heure :** 10 h (heure de Montréal)  
**Lieu :** Bombardier Inc.  
13100, boulevard Henri-Fabre  
Mirabel (Québec) Canada

Les détenteurs d'actions classe A (droits de vote multiples) et/ou d'actions classe B (droits de vote limités) de Bombardier Inc. inscrits au registre des actionnaires de Bombardier Inc. le lundi 7 mars 2016, à 17 h (heure de Montréal), seront en droit de recevoir cette modification d'avis de convocation à l'assemblée des actionnaires et de voter à l'assemblée.

Par ordre du conseil d'administration,

Le vice-président principal, affaires juridiques et secrétaire de la Société,



Daniel Desjardins  
Montréal (Québec) Canada, le 29 mars 2016

LA PRÉSENTE MODIFICATION VISE À INFORMER LES DÉTENTEURS D' ACTIONS CLASSE A (DROITS DE VOTE MULTIPLES) ET/OU D' ACTIONS CLASSE B (DROITS DE VOTE LIMITÉS) DE BOMBARDIER INC. EN DROIT DE RECEVOIR L'AVIS DE CONVOCATION À L'ASSEMBLÉE DES ACTIONNAIRES ET DE VOTER À L'ASSEMBLÉE D'UN CHANGEMENT DE LA DATE ET DU LIEU DE L'ASSEMBLÉE, POUR LE 29 AVRIL 2016 À L'ADRESSE SUIVANTE: BOMBARDIER INC., 13100, BOULEVARD HENRI-FABRE, MIRABEL (QUÉBEC) CANADA. TOUTE RÉFÉRENCE AU 28 AVRIL 2016 ET AU LIEU DE L'ASSEMBLÉE DANS LA CIRCULAIRE DE SOLlicitation DE PROCURATIONS DE LA DIRECTION (INCLUANT LES SUPPLÉMENTS), LE FORMULAIRE DE PROCURATION ET LE FORMULAIRE D'INSTRUCTIONS DE VOTE CI-JOINTS EST RÉPUTÉE ÊTRE UNE RÉFÉRENCE AU 29 AVRIL 2016 ET AU LIEU DE L'ASSEMBLÉE TEL QU'IL EST MODIFIÉ PAR LES PRÉSENTES, RESPECTIVEMENT. D'AUTRES AJUSTEMENTS CORRÉLATIFS SERONT APPORTÉS, S'IL Y A LIEU, AUX DOCUMENTS RELIÉS AUX PROCURATIONS CI-JOINTS, Y COMPRIS AFIN DE MODIFIER LA DATE À LAQUELLE LES PROPOSITIONS D'ACTIONNAIRES DOIVENT ÊTRE REÇUES EN VUE DE L'ASSEMBLÉE ANNUELLE 2017 DES ACTIONNAIRES AU 9 DÉCEMBRE 2016.

2016

**Notice of Annual and  
Special Meeting of  
Shareholders**

AND

**Management  
Proxy Circular**

APRIL 28, 2016  
MONTRÉAL, QUÉBEC, CANADA



# BOMBARDIER INC.

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS 2016

**Date:** Thursday, April 28, 2016  
**Time:** 10:00 a.m. (Montréal time)  
**Place:** Montréal Science Centre  
Perspective 235<sup>e</sup> Room  
2 de la Commune Street West  
Montréal, Québec, Canada

The holders of Class A shares (multiple voting) and/or Class B shares (subordinate voting) of Bombardier Inc. whose names appear on the list of shareholders of Bombardier Inc. on Monday, March 7, 2016, at 5:00 p.m. (Montréal time) will be entitled to receive this notice of the meeting of shareholders and to vote at the meeting.

By order of the Board of Directors,



Daniel Desjardins  
Senior Vice President, General Counsel and Corporate Secretary

Montreal, Québec, Canada, March 7, 2016

### BUSINESS ON THE AGENDA OF THE MEETING:

1. Receipt of the consolidated financial statements of Bombardier Inc. for the financial year ended December 31, 2015 and the auditors' report thereon;
2. Election of the directors of Bombardier Inc.;
3. Appointment of the auditors of Bombardier Inc. and authorization to the directors of Bombardier Inc. to fix the remuneration of the auditors;
4. Consideration and, if deemed advisable, adoption of a Special Resolution (the full text of which is reproduced as Exhibit "B" to the accompanying Management Proxy Circular) authorizing Bombardier Inc. to apply for a Certificate of Amendment under the *Canada Business Corporations Act* to amend its Articles of Amalgamation, as amended, to increase the numbers
5. Consideration and, if deemed advisable, adoption of an Ordinary Resolution (the full text of which is reproduced as Exhibit "C" to the accompanying Management Proxy Circular) authorizing Bombardier Inc. to make certain amendments to its Stock Option Plan, as more fully described in the accompanying Management Proxy Circular;
6. Consideration and, if deemed advisable, adoption of an Ordinary Resolution (the full text of which is reproduced as Exhibit "D" to the accompanying Management Proxy Circular) authorizing Bombardier Inc. to make certain amendments to its 2010 Deferred Share Unit Plan, as more fully described in the accompanying Management Proxy Circular;
7. Consideration and, if deemed advisable, adoption of a Special Resolution (the full text of which is reproduced as Exhibit "E" to the accompanying Management Proxy Circular) authorizing Bombardier Inc. to apply for a Certificate of Amendment under the *Canada Business Corporations Act* to amend its Articles of Amalgamation, as amended, to consolidate the Class A shares (multiple voting) of Bombardier Inc., issued and unissued, and Class B shares (subordinate voting) of Bombardier Inc., issued and unissued, on the basis set out in the Management Proxy Circular;
8. Consideration and, if deemed appropriate, adoption of a non-binding advisory resolution (the full text of which is reproduced on page 25 of the accompanying Management Proxy Circular) on Bombardier Inc.'s approach to executive compensation;
9. Consideration and, if deemed appropriate, approval of the shareholder proposal set out in Exhibit "F" to the accompanying Management Proxy Circular; and
10. Consideration of such other business as may properly come before the meeting.

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Shareholders are entitled to vote at the meeting either in person or by proxy.

**Any registered shareholder, that is a shareholder who has requested and received from Computershare Investor Services Inc., the transfer agent for all the shares of Bombardier Inc., a share certificate on which his/her shares are registered in his/her name,** wishing to vote by proxy has to complete the accompanying form of proxy and return it either in the envelope provided for this purpose or by fax to Computershare Investor Services Inc., no later than 4:00 p.m. (Montréal time) on Wednesday, April 27, 2016. Registered shareholders may also submit a proxy by telephone or over the Internet, by following the instructions provided for in the Management Proxy Circular on page 4.

**Any non-registered shareholder, that is a shareholder who did not request to receive from Computershare Investor Services Inc. a share certificate on which his/her shares are registered in his/her name and, as a result, whose shares are held in the name of a "nominee", usually a bank, trust company, securities dealer or broker or other financial institution,** should refer to pages 5 and 6 of the Management Proxy Circular for information on how to submit a proxy.

**Your vote is important. If you are unable to attend the meeting in person, please complete and return the proxy form that you will have received.**

## REMINDER TO THE READER

**Please note that all dollar amounts in this Management Proxy Circular are in US DOLLARS, unless it is specifically stated otherwise in the text.**

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## 2016 MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular (the “Circular”) is furnished in connection with the solicitation by the management of Bombardier Inc. of proxies for use at the annual and special meeting of the holders of Class A shares (multiple voting) (the “Class A shares”) and Class B shares (subordinate voting) (the “Class B subordinate voting shares”), of the Corporation to be held on Thursday, April 28, 2016 at 10:00 a.m. (Montréal time) at the Montréal Science Centre, 235<sup>e</sup> Room, 2 de la Commune Street West, Montréal, Québec, Canada (the “Meeting”), and at any and all adjournments thereof.

As used in this Circular, all references to “Bombardier”, the “Corporation”, “us” or similar terms are to Bombardier Inc.

### FORWARD-LOOKING STATEMENTS

This Circular includes forward-looking statements, which may involve, but are not limited to: statements with respect to the Corporation’s objectives, guidance, targets, goals, priorities, market and strategies, financial position, beliefs, prospects, plans, expectations, anticipations, estimates and intentions; general economic and business outlook, prospects and trends of an industry; expected growth in demand for products and services; product development, including projected design, characteristics, capacity or performance; expected or scheduled entry-into-service of products and services, orders, deliveries, testing, lead times, certifications and project execution in general; competitive position; the expected impact of the legislative and regulatory environment and legal proceedings on the Corporation’s business and operations; available liquidities and ongoing review of strategic and financial alternatives; the completion of the investment by the Government of Québec in the *C Series* aircraft program (the “*C Series* Investment”) and the use of proceeds therefrom; the use of proceeds from the private placement of a minority stake in Transportation to Caisse de dépôt et placement du Québec (“CDPQ”) (the “CDPQ Investment” and, with the *C Series* Investment, the “Investments”); the effects of the Investments on the range of options available to us, including regarding our participation in future industry consolidation; the capital and governance structure of the Transportation segment following the CDPQ Investment, and of the Commercial Aircraft segment following the *C Series* Investment; the impact and expected benefits of the Investments on our operations, infrastructure, opportunities, financial condition, access to capital and overall strategy; and the impact of the sale of equity on our balance sheet and liquidity position. The implementation of the Share Consolidation is subject to a number of conditions, including but not limited to, Toronto Stock Exchange approval and shareholder approval, and subject to the Board of Directors’ authority, notwithstanding approval of the Share Consolidation by shareholders, to determine in its discretion not to proceed with the Share Consolidation, without further approval or action by, or prior notice to, shareholders. There can be no assurance that the Share Consolidation will be implemented as proposed or at all, or as to the timing thereof, or that the Share Consolidation will result in the contemplated initial post-consolidation share price of Class A shares or Class B subordinate voting shares.

Forward-looking statements can generally be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “anticipate”, “plan”, “foresee”, “believe”, “continue”, “maintain” or “align”, the negative of these terms, variations of them or similar terminology. By their nature, forward-looking statements require management to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from forecast results. While management considers their assumptions to be reasonable and appropriate based on information currently available, there is risk that they may not be accurate.

Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, risks associated with general economic conditions, risks associated with our business environment (such as risks associated with the financial condition of the airline industry, of business aircraft customers, and of the rail industry; trade policy; increased competition; political instability and force majeure), operational risks (such as risks related to developing new products and services; development of new business; the certification and homologation of products and services; fixed-price commitments and production and project execution; pressures on cash flows based on project-cycle fluctuations and seasonality; our ability to successfully implement our strategy and transformation plan; doing business with partners; product performance warranty and casualty claim losses; regulatory and legal proceedings; the environment; dependence on certain customers and suppliers; human resources; reliance on information systems; reliance on and protection of intellectual property rights; and adequacy of insurance coverage), financing risks (such as risks related to liquidity and access to capital markets, retirement benefit plan risk, exposure to credit risk, certain restrictive debt covenants, financing support provided for the benefit of certain customers and reliance on government support), market risks (such as risks related to foreign currency fluctuations, changing interest rates, decreases in residual values, increases in commodity prices and inflation rate fluctuations). For more details, see the Risks and uncertainties section in Other in the Corporation’s Management’s Discussion and Analysis included in its financial report for the fiscal year ended December 31, 2015 which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com) (the “MD&A”). Certain important assumptions by management in making forward-looking statements include, but are not limited to: that ongoing due diligence investigations by the Government of Québec will not identify any materially adverse facts or circumstances; the satisfaction of all conditions to the completion of the *C Series* Investment, including the receipt of any required third party, regulatory and other approvals. For additional information with respect to the assumptions underlying the forward-looking statements made in this Circular,

refer to the Guidance and forward-looking statements sections in Overview, Business Aircraft, Commercial Aircraft, Aerostructures and Engineering Services and Transportation sections in the MD&A which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com). There can be no assurance that the *C Series* Investment will be undertaken or completed in whole or in part, or of the timing, size and proceeds of any such transaction, which will depend on a number of factors.

Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on forward-looking statements. The forward-looking statements set forth herein reflect the Corporation's expectations as at the date of this Circular and are subject to change after such date. Unless otherwise required by applicable securities laws, the Corporation expressly disclaims any intention, and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this Circular are expressly qualified by this cautionary statement.

## SECTION 1: VOTING INFORMATION

### WHO IS SOLICITING MY PROXY?

The management of Bombardier is soliciting your proxy for use at the Meeting. The entire cost of the solicitation will be borne by Bombardier.

### WHAT WILL I BE VOTING ON?

Holders of the Class A shares and/or Class B subordinate voting shares of Bombardier will be voting on:

- the election of the directors of the Corporation (see pages 7 to 15);
- the appointment of Ernst & Young LLP, chartered professional accountants, ("Ernst & Young") as the independent auditors of the Corporation (see page 15);
- the adoption of a special resolution (the "Special Resolution/Amendment") authorizing an amendment (the "Amendment") to the Articles of Amalgamation of the Corporation dated January 2, 2013, as amended (the "Articles of Amalgamation"), to increase the numbers of Class A shares and Class B subordinate voting shares which may be issued by the Corporation from 2,742,000,000 to 3,592,000,000 (see pages 15 and 16);
- the adoption of an ordinary resolution (the "Ordinary Resolution/Stock Option Plan") authorizing the Corporation to make certain amendments to its Stock Option Plan (see pages 16 and 17);
- the adoption of an ordinary resolution (the "Ordinary Resolution/2010 DSUP") authorizing the Corporation to make certain amendments to its 2010 Deferred Share Unit Plan (see pages 17 and 18);
- the adoption of a special resolution (the "Special Resolution/Share Consolidation") authorizing an amendment to the Articles of Amalgamation to consolidate, if and when the Board of Directors shall deem appropriate to do so, but in any event no later than October 31, 2016, to consolidate the Class A shares, issued and unissued, and Class B subordinate voting shares, issued and unissued, at a share consolidation ratio to be determined by the Board of Directors but within the range of one post-consolidation Class A share or Class B subordinate voting share, as the case may be, for every 8 to 16 pre-consolidation Class A shares or Class B subordinate voting shares, as the case may be (the "Share Consolidation") (see pages 18 to 25);
- the adoption of a non-binding advisory resolution (the full text of which is reproduced on page 25 of this Circular) on Bombardier's approach to executive compensation; and
- the shareholder proposal set out in Exhibit "F" to this Circular (see pages 80 and 81).

### HOW WILL THESE MATTERS BE DECIDED AT THE MEETING?

A simple majority of the votes cast, by proxy or in person, by the holders of Class A shares and by the holders of Class B subordinate voting shares, voting together, will constitute approval of each of the matters specified in this Circular, except in respect of the Special Resolution/Amendment and Special Resolution/Share Consolidation, each of which will have to be approved by at least two-thirds ( $\frac{2}{3}$ ) of the votes cast, by proxy or in person, by the holders of Class A shares and by the holders of Class B subordinate voting shares, voting together.

### HOW MANY VOTES DO I HAVE?

The Class B subordinate voting shares of Bombardier are restricted securities (within the meaning of the relevant Canadian regulations respecting securities) in that they do not carry equal voting rights.

**In the event of a ballot, each Class A share carries the right to ten votes and each Class B subordinate voting share carries the right to one vote.** In the aggregate, all of the voting rights associated with the Class B subordinate voting shares represented, as at March 7, 2016, 38.11% of the voting rights attached to all of the issued and outstanding voting shares of Bombardier.

Each Class A share is convertible, at any time, at the option of the holder, into one Class B subordinate voting share. Each Class B subordinate voting share will become convertible into one Class A share in the event that the Majority Holder (as defined in the Articles of Amalgamation of the Corporation), namely the Bombardier family, accepts a purchase offer for Class A shares or in the event that the Majority Holder ceases to hold more than 50% of the issued and outstanding Class A shares.

The holders of Class A shares and the holders of Class B subordinate voting shares, whose names appear on the list of shareholders prepared as of the close of business at 5:00 p.m. (Montréal time) on the record date, being Monday, March 7, 2016 will be entitled to vote at the Meeting and any adjournment thereof if present or represented by proxy.

## **HOW MANY SHARES ARE ENTITLED TO BE VOTED?**

As at March 7, 2016, there were 313,900,550 Class A shares and 1,932,555,138 Class B subordinate voting shares of Bombardier issued and outstanding.

To the knowledge of the directors and executive officers of the Corporation, the only persons who, as at March 7, 2016 beneficially owned or exercised control or direction directly or indirectly over shares carrying 10% or more of the voting rights attached to any class of its issued and outstanding voting shares were Mr. J. R. André Bombardier, director of the Corporation, and Mses. Janine Bombardier, Claire Bombardier Beaudoin and Huguette Bombardier Fontaine (collectively, the “Principal Shareholders”). These four persons indirectly controlled, through holding companies, 249,449,910 Class A shares and 30,211,319 Class B subordinate voting shares, representing in the aggregate 79.47% of the issued and outstanding Class A shares and 1.56% of the issued and outstanding Class B subordinate voting shares of the Corporation and 49.78% of all the voting rights attached to all of its issued and outstanding voting shares. Please refer to the information disclosed on page 9 and in the notes (A.1), (A.2), (E), (F) and (G) on page 13 of this Circular as to the number of Class A shares and Class B subordinate voting shares beneficially owned, or controlled or directed, directly or indirectly, by each of these four persons. In addition, members of the immediate family of the Principal Shareholders currently exercise control or direction over 17,413,275 Class A shares and 805,120 Class B subordinate voting shares, representing 0.81% of all the Class A shares and Class B subordinate voting shares issued and outstanding and 3.45% of all the voting rights attached to all the shares of the Corporation.

## **HOW DO I VOTE?**

If you are eligible to vote as a registered shareholder, you may exercise the voting rights attached to your shares in person at the Meeting or by proxy, as explained below.

**If you are eligible to vote as a non-registered shareholder, please see the instructions below under the headings “As a non-registered shareholder, how do I vote?” and “As a non-registered shareholder, how do I vote in person at the Meeting?” at pages 5 and 6.**

## **VOTING BY PROXY**

Whether or not you attend the Meeting, you may appoint someone else to vote for you as your proxyholder. Your vote will thus be counted at the Meeting. You may use the enclosed form of proxy, or any other proper form of proxy, in order to appoint your proxyholder. The persons named in the enclosed form of proxy, namely Messrs. Pierre Beaudoin and Alain Bellemare are respectively Executive Chairman of the Board of Directors and President and Chief Executive Officer, as well as directors, of Bombardier. **However, you may choose another person to act as your proxyholder, including someone who is not a holder of shares of the Corporation, by striking out the names printed on the enclosed form of proxy and inserting another person’s name in the blank space provided, or by completing another proper form of proxy.**

## **HOW WILL MY PROXYHOLDER VOTE?**

On the form of proxy, you may indicate either how you want your proxyholder to vote your shares, or you can let your proxyholder decide for you.

If you have specified on the form of proxy how you want your shares to be voted on a particular issue (by marking **FOR**, **AGAINST** or **WITHHOLD**), then your proxyholder must vote your shares accordingly.

If you have not specified on the form of proxy how you want your shares to be voted on a particular issue, then your proxyholder can vote your shares as he or she sees fit.



Unless contrary instructions are provided, the voting rights attached to Class A shares and/or Class B subordinate voting shares represented by proxies received by the management of the Corporation will be voted:

**FOR** the election of all the nominees proposed as directors;

**FOR** the appointment of Ernst & Young LLP, chartered professional accountants, as the independent auditors of the Corporation and **FOR** the fixing of their remuneration by the directors of the Corporation;

**FOR** the adoption of the Special Resolution/Amendment;

**FOR** the adoption of the Ordinary Resolution/Stock Option Plan;

**FOR** the adoption of the Ordinary Resolution/2010 DSUP;

**FOR** the adoption of the Special Resolution/Share Consolidation;

**FOR** the adoption of a non-binding advisory resolution (the full text of which is reproduced on page 25 of this Circular) on Bombardier's approach to executive compensation; and

**AGAINST** the shareholder proposal set out in Exhibit "F".

## PROXY VOTING OPTIONS

Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders may vote by proxy as follows: by mail or fax, by telephone or over the Internet.

Submitting a proxy by mail or fax or over the Internet are the only methods by which a shareholder may appoint a person as proxy other than a director or member of the management of the Corporation named on the form of proxy.

### **MAIL OR FAX**

Registered shareholders electing to submit a proxy by mail or fax must complete, date and sign the form of proxy. It must then be returned to the transfer agent for the shares of Bombardier, Computershare Investor Services Inc. ("Computershare"), either in the postage pre-paid return envelope provided or by fax at 1 866 249 7775 (for shareholders in Canada and in the United States) and at +1 416 263 9524 (for shareholders outside Canada and the United States), no later than 4:00 p.m. (Montréal time) on Wednesday, April 27, 2016.

### **TELEPHONE**

Registered shareholders electing to submit a proxy by telephone must do so by using a touchtone telephone. The telephone number to call for shareholders in Canada and in the United States is 1 866 732 VOTE (8683). For shareholders outside Canada and the United States, the telephone number to call is +1 312 588 4290. Shareholders must follow the instructions, use the form of proxy received from Bombardier and provide the 15-digit Control Number located on the form of proxy. Instructions are then conveyed by use of the touchtone selections over the telephone.

### **INTERNET**

Registered shareholders electing to submit a proxy over the Internet must access the following website:

[www.investorvote.com](http://www.investorvote.com).

Registered shareholders must then follow the instructions and refer to the form of proxy received from Bombardier which contains a 15-digit Control Number located on the form of proxy. Voting instructions are then conveyed electronically by the shareholder over the Internet.

**Non-registered shareholders will be provided with voting instructions by their nominees. Please see further instructions below under the heading "As a non-registered shareholder, how do I vote?" (pages 5 and 6).**

## WHAT IF THERE ARE AMENDMENTS OR IF OTHER MATTERS ARE BROUGHT BEFORE THE MEETING?

The enclosed form of proxy gives the persons named in it authority to use their discretion in voting on amendments or variations to matters identified in the notice.

As of the date of this Circular, the management of Bombardier is not aware that any other matter is to be presented at the Meeting. If, however, other matters properly come before the Meeting, the persons named in the enclosed form of proxy will vote on them in accordance with their judgment, pursuant to the discretionary authority conferred upon them by the form of proxy with respect to such matters.

## WHAT IF I CHANGE MY MIND AND WANT TO REVOKE MY PROXY?

You may revoke your proxy at any time before it is acted upon in any manner permitted by law, including stating clearly, in writing, that you wish to revoke your proxy and by delivering this written statement to Computershare, no later than the last business day before the day of the Meeting, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.

## WHO COUNTS THE PROXIES?

Proxies are counted by Computershare, the transfer agent for all of the shares of Bombardier.

## IS MY VOTE CONFIDENTIAL?

Computershare preserves the confidentiality of individual shareholder votes, except (i) where a shareholder clearly intends to communicate his or her individual position to the management of Bombardier, and (ii) as necessary in order to comply with legal requirements.

## HOW ARE PROXIES SOLICITED?

**The management of Bombardier strongly urges you to sign and return the form of proxy that you have received in order to ensure that your votes are exercised and accounted for at the Meeting.**

The solicitation of proxies will be primarily by mail. However, the directors, members of management and employees of Bombardier may also solicit proxies by telephone, over the Internet, in writing or in person.

## HOW DO THE EMPLOYEES OF BOMBARDIER EXERCISE THEIR VOTING RIGHTS ATTACHED TO THE SHARES THAT THEY OWN UNDER THE EMPLOYEE SHARE PURCHASE PLAN?

If you are an employee of Bombardier and you own shares under Bombardier's Employee Share Purchase Plan (the "ESPP"), your shares are registered in the name of Computershare Trust Company of Canada, the administrator of the ESPP, until such time as the shares are withdrawn from the ESPP pursuant to its terms and conditions.

Voting rights attached to your shares may be exercised through the use of a voting instruction form which will permit the voting of shares by mail, fax, telephone (the number to dial for the employees of the Corporation in Canada and in the United States is 1 866 734 VOTE (8683) and for the employees of the Corporation outside Canada and the United States is +1 312 588 4290) or over the Internet at [www.investorvote.com](http://www.investorvote.com).

Your shares will be voted in accordance with your instructions as indicated in your duly completed voting instruction form. **If you are an employee shareholder and you do not indicate how your shares should be voted, then your shares will be voted:**

**FOR the election of all the nominees proposed as directors;**

**FOR the appointment of Ernst & Young LLP, chartered professional accountants, as the independent auditors of the Corporation and FOR the fixing of their remuneration by the directors of the Corporation;**

**FOR the adoption of the Special Resolution/Amendment;**

**FOR the adoption of the Ordinary Resolution/Stock Option Plan;**

**FOR the adoption of the Ordinary Resolution/2010 DSUP;**

**FOR the adoption of the Special Resolution/Share Consolidation;**

**FOR the adoption of a non-binding advisory resolution (the full text of which is reproduced on page 25 of this Circular) on Bombardier's approach to executive compensation; and**

**AGAINST the shareholder proposal set out in Exhibit "F".**

In order for you to exercise your voting rights as an employee shareholder under the ESPP, you must complete and return a voting instruction form by mail or fax or provide your instructions by phone or over the Internet.

## AS A NON-REGISTERED SHAREHOLDER, HOW DO I VOTE?

Applicable securities laws and regulations require nominees of non-registered shareholders to seek the latter's voting instructions in advance of the Meeting. Therefore, unless you have previously informed your nominee that you do not wish to receive material relating to shareholders' meetings, you will have received this Circular in a mailing from your nominee, together with a proxy form or voting instruction form, as the case may be.

Bombardier intends to pay for proximate intermediaries to send the proxy-related materials to objecting beneficial owners.

Each nominee has its own signature and return instructions. It is important that you comply with these instructions if you want the voting rights attached to your shares to be exercised.

If you are a non-registered shareholder who has submitted a proxy and you wish to change your voting instructions, you should contact your nominee to find out whether this is possible and what procedure to follow.

### **AS A NON-REGISTERED SHAREHOLDER, HOW DO I VOTE IN PERSON AT THE MEETING?**

Bombardier and/or Computershare do not have a record of the names of the non-registered shareholders of the Corporation.

If you are a non-registered shareholder and you attend the Meeting, Bombardier and/or Computershare will have no knowledge of your shareholdings or your entitlement to vote, unless your nominee has appointed you as proxyholder.

If you are a non-registered shareholder and wish to vote in person at the Meeting, you have to insert your own name in the space provided on the form of proxy or voting instruction form sent to you by your nominee. By doing so, you are instructing your nominee to appoint you as proxyholder.

It is important that you comply with the signature and return instructions provided by your nominee. It is not necessary to otherwise complete the form as you will be voting at the Meeting.

### **ELECTRONIC VOTING AT THE MEETING**

In line with Bombardier's commitment towards the environment, voting at the Meeting on all proposals will be made through the use of electronic ballot. This will allow to expedite the voting process at the Meeting and present the final votes on screen at the Meeting. On arrival at the Meeting, all shareholders entitled to vote will be required to register and given a hand held device containing a personalized smart card with details of their shareholding to be used for the electronic vote. After each proposal is put to the Meeting by the Chairman, you will be asked to cast your vote by pressing a button on your keypad. All the votes represented by shareholders present at the Meeting will be counted and added to those received by proxy, and the final votes will be shown on screen at the Meeting. If you have already voted by proxy you will still be able to vote at the Meeting using the electronic device, and your vote on the day of the Meeting will replace your vote by proxy.

### **HOW DO I COMMUNICATE WITH COMPUTERSHARE?**

You can communicate with Computershare at the following address:

Computershare Investor Services Inc.  
100 University Avenue  
8<sup>th</sup> Floor  
Toronto, Ontario Canada M5J 2Y1

or by telephone at: 1 800 564 6253 (Canada and United States) or +1 514 982 7555 (outside Canada and the United States).

**ELECTION OF THE DIRECTORS OF BOMBARDIER**

The articles of amalgamation of Bombardier provide that its Board of Directors shall consist of not less than five and not more than 20 directors. Its directors are elected annually.

**It is proposed that 15 directors be elected until the next annual meeting of the shareholders of Bombardier.**

The term of office of each director so elected expires upon the election of his/her successor unless he/she shall resign or his/her office shall become vacant by death, removal or other cause.

Mr. L. Denis Desautels, who has reached the mandatory retirement age of 72 years old under the Board of Directors' retirement policy (please refer to page 41 of this Circular), will retire at the close of the Meeting, after serving on the Board of Directors since 2003, and will not seek re-election as a director. Information relating to Mr. Desautels therefore does not appear below along with the information regarding the 15 proposed nominees for election as directors of the Corporation. Because Mr. Desautels will act as director up to the Meeting, information concerning him appears in the other sections of this Circular that pertain to the directors. The current Board of Directors proposes that Mr. August W. Henningsen and Ms. Beatrice Weder di Mauro be elected as new directors of the Corporation for the ensuing year.

**Except where authority to vote on the election of directors is withheld, the persons named in the accompanying proxy form if you are a registered shareholder, or the proxy form or voting instruction form, as the case may be, that you will have received from your nominee, if you are a non-registered shareholder, will vote for the election of the 15 nominees whose names are hereinafter set forth, all of whom are currently directors of Bombardier, except Mr. August W. Henningsen and Ms. Beatrice Weder di Mauro.**

It is not contemplated that any of the nominees will be unable, or for any reason will become unwilling, to serve as a director. However, if that should occur for any reason prior to the election, the persons named in the accompanying form of proxy reserve the right to vote for another nominee in their discretion, unless a shareholder has specified in the form of proxy that his or her shares are to be withheld from voting on the election of directors.

Pursuant to an agreement dated as of November 18, 2015 between Bombardier and Caisse de dépôt et placement du Québec ("CDPQ"), a copy of which was filed on the Corporation's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) on November 25, 2015, with respect to the nomination of any new independent directors of Bombardier, Bombardier will work collaboratively with CDPQ and seek to obtain CDPQ's agreement on the final candidate(s) recommended to the Board of Directors. In connection with this agreement, the Bombardier family has committed to fully support any action plan recommended by the Special Initiatives Committee and agreed to by CDPQ, as well as the new selection process for new independent directors of the Board of Directors.

Information regarding the nominees relating to their independence, year first elected or appointed as a director, previous year's voting results, age, municipality and country of residence, principal occupation, main areas of expertise, and committee memberships (Audit Committee, Human Resources and Compensation Committee ("HRCC"), Finance and Risk Management Committee ("FRMC") and Corporate Governance and Nominating Committee ("CGNC")), is provided in the biographical charts below. Also indicated for each nominee are the number of Class A shares and/or Class B subordinate voting shares beneficially owned, or controlled or directed, directly or indirectly, by the nominee, and the number of Deferred Stock Units held by the nominee.

**LAURENT BEAUDOIN, C.C., FCPA, FCA <sup>(D)</sup>**



**Chairman Emeritus of the Board of Directors**

Westmount, Québec, Canada  
 Age: 77  
 Director since 1975  
 Not independent  
 Votes in favour at previous annual meeting: 98.11%

	CLASS A SHARES <sup>(A.1)</sup>	CLASS B SUBORDINATE VOTING SHARES <sup>(A.2)</sup>	DEFERRED STOCK UNITS <sup>(B)</sup>
<b>December 31, 2015</b>	<b>13,302,944</b>	<b>8,695,136</b>	<b>109,888</b>
December 31, 2014	13,302,944	1,625,000	1,683,829
Change	–	7,070,136	N/A

**Skills and Experience**

Chairman/CEO – Business/Operations and Manufacturing Activities – Managing/Leading Growth and Innovation – International Business – Financial Literacy – Board of Directors/Corporate Governance

Mr. Laurent Beaudoin is a Chartered Accountant as well as a Fellow Chartered Accountant. He launched his career in 1961 by founding a chartered accountants firm in Quebec City. He joined Bombardier in 1963 as Comptroller, became General Manager in 1964 and President and Chief Executive Officer in 1966. In June 2008, he handed over his responsibilities as Chief Executive Officer to Mr. Pierre Beaudoin, and remained Chairman of the Board of Directors until February 13, 2015, the date on which he handed over said responsibilities to Mr. Pierre Beaudoin (who became Executive Chairman of the Board of Directors) and was given the honorary title of Chairman Emeritus of the Board of Directors. He holds honorary doctorates from various universities and he received many awards and honours as a business leader, including Canada's Outstanding CEO of the Year and Canada's International Executive of the Year. Since December 2003, he is the Chairman of the Board of BRP Inc., since October 2010, he is President of First Robotics Quebec and since June 2014, he is the Chairman of the Board of Directors of each of Gestion McInnis Inc. and Ciment McInnis Inc.

**PIERRE BEAUDOIN**



**Executive Chairman of the Board of Directors**

Westmount, Québec, Canada  
 Age: 53  
 Director since 2004  
 Not independent  
 Votes in favour at previous annual meeting: 97.86%

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS <sup>(C)</sup>
<b>December 31, 2015</b>	<b>512,859</b>	<b>792,407</b>	<b>–</b>
December 31, 2014	512,859	773,654	–
Change	–	18,753	–

**Skills and Experience**

CEO/Senior Executive Officer – Business/Operations and Manufacturing Activities – International Business – Board of Directors/Corporate Governance – Government Relations

Mr. Pierre Beaudoin joined the Marine Products division of Bombardier in 1985. In October 1990, he was appointed Vice President, Product Development of the Sea-Doo/Ski-Doo division. From June 1992 to January 1994, he was Executive Vice President of the Sea-Doo/ Ski-Doo division of Bombardier and he acted as its President from January 1994 until April 1996. From April 1996 to January 2001, he was President and Chief Operating Officer of Bombardier Recreational Products. In February 2001, he was appointed President of Bombardier Aerospace, Business Aircraft and he became President and Chief Operating Officer of Bombardier Aerospace in October 2001. On December 13, 2004, in addition to his duties as President and Chief Operating Officer of Bombardier Aerospace, he was appointed Executive Vice President of Bombardier and he also then became a member of the Board of Directors of Bombardier. On June 4, 2008, he took over the responsibilities of President and Chief Executive Officer of Bombardier until February 13, 2015, when he was appointed Executive Chairman of the Board of Directors. He is a member of the Board of Directors of Power Corporation of Canada.

**ALAIN BELLEMARE**



**President and Chief Executive Officer**

Verdun, Québec, Canada  
 Age: 54  
 Director since 2015  
 Not independent  
 Votes in favour at previous annual meeting: 98.82%

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS <sup>(C)</sup>
<b>December 31, 2015</b>	<b>–</b>	<b>580,725</b>	<b>–</b>
December 31, 2014	–	–	–
Change	–	580,725	–

**Skills and Experience**

CEO/Senior Executive Officer – Business/Operations and Manufacturing Activities – International Business – Managing/Leading Growth and Innovation

Mr. Alain Bellemare is the President and Chief Executive Officer of Bombardier since February 13, 2015. Prior to joining Bombardier he was President and Chief Executive Officer of UTC Propulsion & Aerospace Systems (supplier of aerospace and defense products), a position he held from July 2012 to January 15, 2015. He began his career with UTC at Pratt & Whitney Canada in 1996 as Vice President of Manufacturing. He held leadership roles of increasing responsibility at UTC including President of Pratt & Whitney Canada in 2002, President of Hamilton Sundstrand in 2009 and Chief Operating Officer of UTC Propulsion and Aerospace Systems in 2011. In these roles, he had global operating business development and strategic planning responsibility for these large aerospace business units. He is a member of the Board of Directors of Smithsonian National Air and Space Museum.

## JOANNE BISSONNETTE <sup>(E)</sup>



### Corporate Director

Outremont, Québec, Canada

Age: 54

Director since 2012

Not independent

Votes in favour at previous annual meeting: 98.13%

CLASS A SHARES

CLASS B  
SUBORDINATE  
VOTING SHARES

DEFERRED STOCK  
UNITS <sup>(B)</sup>

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS <sup>(B)</sup>
<b>December 31, 2015</b>	–	<b>5,824</b>	<b>186,246</b>
December 31, 2014	–	5,824	111,670
Change	–	–	74,576

### Skills and Experience

International Business – Marketing – Board of Directors/Corporate Governance

Ms. Joanne Bissonnette is a Corporate Director for various private entities.

## J. R. ANDRÉ BOMBARDIER <sup>(D)</sup>



### Vice Chairman of the Board of Directors

Montréal, Québec, Canada

Age: 73

Director since 1975

Not independent

Votes in favour at previous annual meeting: 97.33%

CLASS A SHARES <sup>(F)</sup>

CLASS B  
SUBORDINATE  
VOTING SHARES

DEFERRED STOCK  
UNITS <sup>(B)</sup>

	CLASS A SHARES <sup>(F)</sup>	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS <sup>(B)</sup>
<b>December 31, 2015</b>	<b>65,401,042</b>	<b>7,335,910</b>	<b>385,327</b>
December 31, 2014	65,401,042	265,774	275,439
Change	–	7,070,136	109,888

### Skills and Experience

Business/Operations and Manufacturing Activities – Financial Literacy – Health, Safety and Environment and Social Responsibility – Board of Directors/Corporate Governance

Mr. J. R. André Bombardier joined Bombardier in 1969 as Vice President, Industrial Division. He successively held the positions of Vice President, Research and Development, Ski-Doo Division (1970), Assistant to the President and in charge of new products (1973), Vice President of Marketing, Marine Products Division (1975) and President of Roski Ltd., a subsidiary of Bombardier (1976). He became Vice Chairman of the Board of Directors in 1978. He is a member of the Board of Directors of BRP Inc.

## MARTHA FINN BROOKS



### Corporate Director

Atlanta, Georgia, United States

Age: 56

Director since 2009

Member of:  
the HRCC  
the FRMC

Independent

Votes in favour at previous annual meeting: 99.52%

CLASS A SHARES

CLASS B  
SUBORDINATE  
VOTING SHARES

DEFERRED STOCK  
UNITS <sup>(B)</sup>

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS <sup>(B)</sup>
<b>December 31, 2015</b>	–	<b>30,000</b>	<b>356,690</b>
December 31, 2014	–	30,000	230,885
Change	–	–	125,805

### Skills and Experience

Operations and Manufacturing Activities – International Business – Human Resources and Compensation – Board of Directors/Corporate Governance – CEO/Senior Executive Officer

Ms. Martha Finn Brooks was, until her retirement in May 2009, President and Chief Operating Officer of Novelis, Inc., a global aluminium rolling company owned by Mumbai-based Hindalco Industries Ltd., which had earlier been spun off by Alcan Inc. in 2005. From 2002 to 2005, she served as Corporate Senior Vice President and President and Chief Executive Officer of Alcan Rolled Products, Americas and Asia. Prior to joining Alcan, she was a Vice President at engine manufacturer Cummins Inc. She is a member of the Board of Directors of Jabil Circuit Inc. and an advisor to the Board of Directors of Constellium N.V.



**JEAN-LOUIS FONTAINE (D) (G)**



**Vice Chairman of the Board of Directors**

Westmount, Québec, Canada  
 Age: 76  
 Director since 1975  
 Not independent  
 Votes in favour at previous annual meeting: 97.31%

CLASS A SHARES CLASS B SUBORDINATE VOTING SHARES DEFERRED STOCK UNITS (B)

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS (B)
<b>December 31, 2015</b>	<b>4,097,472</b>	<b>6,465</b>	<b>383,639</b>
December 31, 2014	4,097,472	6,465	273,751
Change	-	-	109,888

**Skills and Experience**

Business/Operations and Manufacturing Activities - Financial Literacy - Health, Safety and Environment and Social Responsibility - Board of Directors/Corporate Governance

Mr. Jean-Louis Fontaine began his career with Bombardier in 1964 as Vice President, Production, of its Ski-Doo division and rose through the ranks to become Vice President, Transportation Products in 1974. He was named Vice President, Corporate Planning in 1977, a position he held until he became Vice Chairman of the Board of Directors in 1988. He currently serves on the Board of Directors of Héroux-Devtek Inc.

**SHEILA FRASER, FCPA, FCA**



**Corporate Director**

Ottawa, Ontario, Canada  
 Age: 65  
 Director since 2012  
 Member of:  
 the Audit Committee (Chair)  
 Independent  
 Votes in favour at previous annual meeting: 99.45%

CLASS A SHARES CLASS B SUBORDINATE VOTING SHARES DEFERRED STOCK UNITS (B)

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS (B)
<b>December 31, 2015</b>	<b>-</b>	<b>-</b>	<b>241,842</b>
December 31, 2014	-	-	117,301
Change	-	-	124,541

**Skills and Experience**

Financial Literacy - Board of Directors/Corporate Governance - Government Relations

Ms. Sheila Fraser served as Auditor General of Canada from 2001 to 2011. Prior to joining the Office of the Auditor General as Deputy Auditor General in 1999, Ms. Fraser was a partner of Ernst & Young for 18 years, in the Québec City office. She has been named as trustee to the IFRS Foundation, the oversight body of the International Accounting Standards Board. She also sits on the Boards of Directors of Manulife Financial Corporation and The Manufacturers Life Insurance Company.

**AUGUST W. HENNINGSEN**



**Consultant, Plane View Partners (analysis of customer support organization)**

Hamburg, Germany  
 Age: 65  
 Director since : N/A (Mr. Henningsen is a new candidate proposed for election as director)  
 Independent  
 Votes in favour at previous annual meeting: N/A

CLASS A SHARES CLASS B SUBORDINATE VOTING SHARES DEFERRED STOCK UNITS (B)

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS (B)
<b>December 31, 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>
December 31, 2014	-	-	-
Change	-	-	-

**Skills and Experience**

CEO/Senior Executive Officer - Business - Managing/Leading Growth and Innovation - Financial Literacy - Operations and Manufacturing Activities

Mr. August W. Henningsen has been a consultant to Plane View Partners since December 2015. He is the former Chief Executive Officer of Lufthansa Technik AG, a position he held from April 2000 until his retirement in April 2015. Prior to that, he had been General Manager and Chief Executive Officer of Ameco Beijing from August 1997 until March 2001. He began his career at Lufthansa in 1979 and held numerous positions of increasing responsibility in the Lufthansa group until July 1997. Mr. Henningsen sits on the Boards of Directors of Lufthansa Technik AG, Technical University of Hamburg, Germany and the Dornier Foundation, Munich, Germany. He holds a Masters Degree in Mechanical and Aeronautical Engineering from the Technical University of Braunschweig, Germany.

## DANIEL JOHNSON



### Counsel, McCarthy Tétrault LLP, barristers and solicitors

Montréal, Québec, Canada

Age: 71

Director since 1999

Member of:  
the Audit Committee  
the FRMC  
the CGNC

Independent

Votes in favour at previous  
annual meeting: 99.22%

CLASS A SHARES

CLASS B  
SUBORDINATE  
VOTING SHARES

DEFERRED STOCK  
UNITS <sup>(B)</sup>

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS <sup>(B)</sup>
<b>December 31, 2015</b>	–	<b>1,200</b>	<b>248,575</b>
December 31, 2014	–	1,200	193,632
Change	–	–	54,943

#### Skills and Experience

Business – Financial Literacy – Board of Directors/Corporate Governance – Government Relations

A former Premier of the Province of Québec, Mr. Daniel Johnson was a member of the National Assembly of Québec for more than 17 years and held numerous offices in the Government of Québec from 1985 to 1994. He is a director of Ezeflow Inc., IGM Financial Inc., The Investors Group Inc. and Mackenzie Inc. He is also Honorary Consul of Sweden in Montréal.

## JEAN C. MONTY



### Corporate Director

Montréal, Québec, Canada

Age: 68

Director since 1998

Lead Director

Member of:  
the HRCC (Chairman)  
the Audit Committee

Independent

Votes in favour at previous  
annual meeting: 99.12%

CLASS A SHARES

CLASS B  
SUBORDINATE  
VOTING SHARES

DEFERRED STOCK  
UNITS <sup>(B)</sup>

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS <sup>(B)</sup>
<b>December 31, 2015</b>	<b>25,000</b>	<b>175,000</b>	<b>607,583</b>
December 31, 2014	25,000	175,000	475,715
Change	–	–	131,868

#### Skills and Experience

Chairman/CEO – Business – Financial Literacy – Human Resources and Compensation – Board of Directors/Corporate Governance

On April 24, 2002, Mr. Jean C. Monty retired as Chairman of the Board and Chief Executive Officer of Bell Canada Enterprises (BCE Inc.), following a 28-year career. Prior to joining BCE Inc., he was Vice Chairman and Chief Executive Officer of Nortel Networks Corporation. He joined Nortel in October 1992 as President and Chief Operating Officer, becoming President and Chief Executive Officer in March 1993. He began his career at Bell Canada in 1974 and held numerous positions in the BCE group. In recognition of his achievements, he was named Canada's Outstanding CEO of the Year for 1997. He is a member of the Boards of Directors of Fiera Capital, DJM Capital, Centria and Nokia Corporation.

## VIKRAM PANDIT



### Chairman of TGG Group, a holding company for advisory and other businesses

New York, New York, United States

Age: 59

Director since 2014

Member of:  
the FRMC  
the CGNC

Independent

Votes in favour at previous  
annual meeting: 99.42%

CLASS A SHARES

CLASS B  
SUBORDINATE  
VOTING SHARES

DEFERRED STOCK  
UNITS <sup>(B)</sup>

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS <sup>(B)</sup>
<b>December 31, 2015</b>	–	–	<b>143,228</b>
December 31, 2014	–	–	33,340
Change	–	–	109,888

#### Skills and Experience

Chairman/CEO – Managing/Leading Growth and Innovation – International Business – Mergers and Acquisitions/Investment Banking

Mr. Vikram Pandit is the Chairman of TGG Group and the Founding Principal of The Orogen Group (company leveraging opportunities for financial services industry). He is the former Chief Executive Officer of Citigroup Inc. (multinational financial services corporation), a position he held from December 2007 until he resigned in October 2012. Prior to that, he had been Chairman and Chief Executive Officer of Citi Alternative Investments in 2007, after Old Lane, LLC, a hedge fund of which he was a founding member and Chairman of the members committee since 2006, was acquired by Citigroup Inc. Mr. Pandit began his career at Morgan Stanley as an associate in 1983 and became President and Chief Operating Officer of the company's institutional securities and investment banking businesses in 2000. Mr. Pandit received his Ph.D. in Finance and B.A. in Engineering from Columbia University in 1986.



**PATRICK PICHETTE**



**Advisor to Google Inc. (Internet-related services and products)**  
 Palo Alto, California, United States  
 Age: 53  
 Director since 2013  
 Member of:  
 the Audit Committee  
 the HRCC  
 the CGNC  
 Independent  
 Votes in favour at previous annual meeting: 99.52%

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS <sup>(B)</sup>
<b>December 31, 2015</b>	–	<b>6,000</b>	<b>188,915</b>
December 31, 2014	–	6,000	58,346
Change	–	–	130,569

**Skills and Experience**

Senior Executive Officer – Operations – Managing/Leading Growth and Innovation – Financial Literacy – Human Resources and Compensation

Mr. Patrick Pichette has been an advisor to Google Inc. since May 2015, after his retirement as Senior Vice President and Chief Financial Officer of that company. He has nearly 20 years of experience in financial operations and management in the telecommunications sector, including seven years at Bell Canada, which he joined in 2001 as Executive Vice President of Planning and Performance Management. During his time at Bell Canada, he held various executive positions, including Chief Financial Officer from 2002 until the end of 2003. Prior to joining Bell Canada, Mr. Pichette was a partner at McKinsey & Company, where he was a lead member of McKinsey's North American Telecom Practice. He also served as Vice President and Chief Financial Officer of Call-Net Enterprises Inc., a Canadian telecommunications company.

**CARLOS E. REPRESAS**



**Corporate Director**  
 Mexico City, Mexico  
 Age: 70  
 Director since 2004  
 Member of:  
 the CGNC (Chairman)  
 the HRCC  
 the FRMC  
 Independent  
 Votes in favour at previous annual meeting: 99.28%

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS <sup>(B)</sup>
<b>December 31, 2015</b>	–	–	<b>299,994</b>
December 31, 2014	–	–	245,051
Change	–	–	54,943

**Skills and Experience**

Chairman/Senior Executive Officer – Managing/Leading Growth and Innovation – International Business – Marketing – Human Resources and Compensation – Board of Directors/Corporate Governance

Mr. Carlos E. Represas was Chairman of Nestlé Group Mexico from 1983 to 2010. He is a member of the Boards of Directors of Merck & Co., Inc., Swiss Re Group and Swiss Re America Holding-USA. He is a member of the Latin American Business Council (CEAL). He is Trustee of the National Institute of Genomic Medicine of Mexico and President of the Mexico Chapter of the Latin American Chamber of Commerce in Zurich, Switzerland. From 1994 to 2004, he was Executive Vice President and also President of the Americas of Nestlé, S.A. In July 2004, he retired from his executive responsibilities at Nestlé where he worked during 36 years (1968-2004) in seven different countries.

**BEATRICE WEDER DI MAURO**



**Professor of International Macroeconomics**  
 Singapore  
 Age: 50  
 Director since: N/A (Ms. Weder di Mauro is a new candidate proposed for election as director)  
 Independent  
 Votes in favour at previous annual meeting: N/A

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS <sup>(B)</sup>
<b>December 31, 2015</b>	–	–	–
December 31, 2014	–	–	–
Change	–	–	–

**Skills and Experience**

Financial Literacy – Board of Directors/Corporate Governance – Business Experience – International Business – Government Relations

Ms. Beatrice Weder di Mauro has been a professor of economics, economic policy and international macroeconomics at the Johannes Gutenberg University of Mainz since 2001 and a research fellow at INSEAD in Singapore. Ms. Weder di Mauro was a member of the German Council of Economic Experts from 2004 to 2012. In 2010, she was a resident scholar at the International Monetary Fund (IMF) in Washington, DC and, in 2006, a visiting scholar at the International Monetary Fund (IMF) in Washington, D.C. She was an associate professor of economics at the University of Basel between 1998 and 2001 and a research fellow at the United Nations University in Tokyo from 1997 to 1998. Prior to this, she was an economist at the IMF in Washington, DC. Ms. Weder di Mauro earned her PhD in economics at the University of Basel in 1993 and received her habilitation there in 1999. She sits on the Boards of Directors of UBS AG and UBS Group AG and is a member of the Supervisory Board of Robert Bosch GmbH. Among other activities and functions, she is also an Advisory Board member of Fraport AG and of Deloitte Germany.

## NOTES

- (\*) The information appearing on pages 8 to 12 of this Circular is determined as at December 31, 2015 and December 31, 2014, respectively.
- (\*) No Series 2, Series 3 or Series 4 Preferred Shares are beneficially owned by a nominee or are subject to his or her control or direction.
- (A.1) Includes 500,000 Class A shares over which Mr. Laurent Beaudoin exercises control jointly with his wife, Ms. Claire Bombardier Beaudoin, through Beaudier Inc., a portfolio holding company of the Beaudoin family which is controlled by Mr. Laurent Beaudoin and Ms. Claire Bombardier Beaudoin, through holding companies which they control. Ms. Claire Bombardier Beaudoin also exercises, through holding corporations which she controls, control or direction over an additional 60,873,490 Class A shares.
- (A.2) Mr. Laurent Beaudoin exercises control over these shares jointly with his wife, Ms. Claire Bombardier Beaudoin, through Beaudier Inc., a portfolio holding company of the Beaudoin family which is controlled by Mr. Laurent Beaudoin and Ms. Claire Bombardier Beaudoin, through holding companies which they control.
- (B) "Deferred Stock Units" are: (i) in the case of Mses. Joanne Bissonnette, Martha Finn Brooks and Sheila Fraser and Messrs. J. R. André Bombardier, Jean-Louis Fontaine, Daniel Johnson, Jean C. Monty, Vikram Pandit, Patrick Pichette and Carlos E. Represas, the Director Deferred Stock Units credited to each one of them pursuant to the Director Deferred Stock Unit Plan which is more fully explained on page 29 of this Circular; and (ii) in the case of Mr. Laurent Beaudoin, the 109,888 Deferred Stock Units awarded to him pursuant to the Director Deferred Stock Unit Plan in payment of the 2015 annual Board retainer to which he is allowed and the 1,683,829 Deferred Stock Units awarded to him under the Deferred Stock Unit Plan for Senior Officers until he ceased acting as Chairman of Board of Directors on February 12, 2015 and which have been settled on February 13, 2015, as more fully explained on page 31 of this Circular. The number of Deferred Stock Units for each director has been determined as at December 31, 2015 and December 31, 2014, respectively, except for the Deferred Stock Units that were credited in payment of the applicable portion of the Board retainer and, if applicable, additional retainer and travel fees earned for the quarters ended on December 31, 2015 and December 31, 2014, respectively, the number of which was determined at January 11, 2016 and January 12, 2015, respectively.
- (C) The complete details of the compensation of Mr. Pierre Beaudoin, the Executive Chairman of the Board of Directors and Mr. Alain Bellemare, the President and Chief Executive Officer, for the financial year ended December 31, 2015, which includes the number of Stock Options, Deferred Stock Units and Restricted Share Units held by each of them at December 31, 2015, are disclosed in Tables B.1 and B.2 of Section 5 on pages 61 and 62 of this Circular.
- (D) The normal retirement age for the directors of Bombardier is 72 years of age, unless otherwise determined by the Board (please refer to page 41 of this Circular). Although Messrs. Laurent Beaudoin, Jean-Louis Fontaine and J. R. André Bombardier have attained the prescribed retirement age, the Board, upon the recommendation of the CGNC, has deemed it appropriate to propose to the shareholders of Bombardier to re-elect Messrs. Laurent Beaudoin, Jean-Louis Fontaine and J. R. André Bombardier as directors of the Corporation at the Meeting to be held on April 28, 2016.
- (E) Ms. Janine Bombardier, mother of Ms. Joanne Bissonnette, exercises, through holding corporations which she controls, control or direction over 61,973,491 Class A shares and 7,110,137 Class B subordinate voting shares.
- (F) Mr. J. R. André Bombardier exercises, through holding corporations which he controls, control or direction over 65,401,042 Class A shares.
- (G) Ms. Huguette Bombardier Fontaine, wife of Mr. Jean-Louis Fontaine, exercises, through holding corporations which she controls, control or direction over 60,701,887 Class A shares and 7,070,136 Class B subordinate voting shares.

The following table sets forth the number of meetings of the Board of Directors and its Committees held between January 1, 2015 and December 31, 2015 and the record of attendance at these meetings of the directors of the Corporation throughout the year, all of whom, except for Messrs. L. Denis Desautels and Heinrich Weiss, are nominees for election to the Board of Directors for the ensuing year.

Individual Who Acted as Director During the Year 2015	Board <sup>(1)</sup>	Audit Committee <i>Chair:</i> Sheila Fraser	Corporate Governance and Nominating Committee <i>Chairman:</i> Carlos E. Represas	Human Resources and Compensation Committee <i>Chairman:</i> Jean C. Monty	Finance and Risk Management Committee <i>Chairman:</i> L. Denis Desautels	Individual Attendance Rate
Laurent Beaudoin <sup>(2)</sup>	16/16	∅	∅	∅	∅	100%
Pierre Beaudoin <sup>(2)</sup>	16/16	∅	∅	∅	∅	100%
Alain Bellemare <sup>(2)</sup>	9/10	∅	∅	∅	∅	90%
Joanne Bissonnette	16/16	—	—	—	—	100%
J. R. André Bombardier	16/16	—	—	—	—	100%
Martha Finn Brooks	16/16	—	—	9/9	4/4	100%
L. Denis Desautels	16/16	7/7	—	—	4/4	100%
Jean-Louis Fontaine	16/16	—	—	—	—	100%
Sheila Fraser	14/16	7/7	—	—	—	91%
Daniel Johnson	16/16	7/7	5/5	—	4/4	100%
Jean C. Monty	15/16	6/7	—	9/9	—	94%
Vikram Pandit	16/16	—	5/5	—	4/4	100%
Patrick Pichette <sup>(3)</sup>	12/16	7/7	1/1	9/9	—	88%
Carlos E. Represas	15/16	—	5/5	8/9	4/4	94%
Heinrich Weiss <sup>(4)</sup>	9/10	—	3/4	—	—	86%
<b>Overall Attendance Rate:</b>	<b>96%</b>	<b>97%</b>	<b>95%</b>	<b>97%</b>	<b>100%</b>	<b>—</b>

(1) Including one special session for the review of the operating plans and budgets of the Corporation held during the year.

(2) The former Chairman of the Board of Directors, Mr. Laurent Beaudoin, the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin, and the President and Chief Executive Officer, Mr. Alain Bellemare, were not members of any of the committees of the Board of Directors; however, they were entitled to attend and to participate in all the meetings of the committees (except in camera meetings), but not to vote.

(3) Mr. Patrick Pichette was appointed as a member of the CGNC following the close of the previous annual meeting of the Corporation held on May 7, 2015.

(4) Mr. Heinrich Weiss retired as director and as member of the CGNC at the close of the previous annual meeting of the Corporation held on May 7, 2015.

To the knowledge of Bombardier and based upon information provided by the nominees for election to the Board of Directors, no such nominee:

- a) is, as at the date of this Circular, or has been, within ten years before the date of this Circular, a director or executive officer of any company (including Bombardier) that:
- (i) was the subject, while such person was acting in that capacity, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
  - (ii) was subject to an event that occurred while that person was acting in such capacity and which resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
  - (iii) while such person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- b) has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

## **APPOINTMENT OF THE INDEPENDENT AUDITORS OF BOMBARDIER AND AUDIT COMMITTEE INFORMATION**

### **APPOINTMENT OF THE INDEPENDENT AUDITORS**

Bombardier proposes that Ernst & Young be appointed as its independent auditors and that the directors of Bombardier be authorized to fix the remuneration of the independent auditors.

**Except where authority to vote on the appointment of the independent auditors of the Corporation is withheld, the persons named in the accompanying form of proxy will vote FOR the appointment of Ernst & Young LLP, chartered professional accountants, and FOR their remuneration to be fixed by the directors of the Corporation.**

### **AUDIT COMMITTEE INFORMATION**

Ms. Sheila Fraser acts as Chair of the Audit Committee of Bombardier and Messrs. L. Denis Desautels, Daniel Johnson, Jean C. Monty and Patrick Pichette are its other members. Each of them is independent and financially literate within the meaning of National Instrument 52-110 – Audit Committees.

For further information relating to the Audit Committee and independent auditors of the Corporation, please refer to the section entitled “Audit Committee Disclosure” in the Corporation’s Annual Information Form for the financial year ended December 31, 2015, which has been filed with securities regulators at [www.sedar.com](http://www.sedar.com) and may be obtained on request from the Public Affairs Department of Bombardier at [www.bombardier.com](http://www.bombardier.com).

## **AMENDMENT TO THE ARTICLES OF AMALGAMATION OF BOMBARDIER – INCREASE IN THE NUMBERS OF CLASS A SHARES AND CLASS B SUBORDINATE VOTING SHARES THAT MAY BE ISSUED**

The purpose of the Special Resolution/Amendment (the full text of which is reproduced as Exhibit “B” to this Circular) is to amend the Articles of Amalgamation to increase the maximum number of Class A shares and the maximum number of Class B subordinate voting shares that the Corporation is authorized to issue from 2,742,000,000 to 3,592,000,000.

The increase in the number of Class A shares authorized to be issued is required under the laws governing the Corporation and the Articles of Amalgamation of the Corporation because the Class B subordinate voting shares are in certain circumstances convertible into Class A shares and, as such, the Corporation must reserve Class A shares for conversion purposes (See pages 2 and 3 – “How many votes do I have?”).

The Articles of Amalgamation of the Corporation currently limit the numbers of Class A shares and Class B subordinate voting shares that the Corporation may issue to 2,742,000,000 Class A shares and 2,742,000,000 Class B subordinate voting shares. Taking into account securities convertible into, or exercisable for, Class A shares or Class B subordinate voting shares already issued by the Corporation (including the fact that Class A shares are convertible at all times into Class B subordinate voting shares and the Class B subordinate voting shares are convertible in certain circumstances into Class A shares), the remaining number of Class A shares or Class B subordinate voting shares the Corporation is authorized to issue in the future is currently limited to 415,203,291.

In addition, on February 11, 2016, pursuant to the terms of the subscription agreement entered into on November 18, 2015 with CDPQ providing for a \$1.5 billion investment in the Corporation’s Transportation business segment (the “Transportation Investment”), the Corporation issued to CDPQ warrants exercisable to acquire up to 105,851,872 Class B subordinate voting shares (the “CDPQ Warrants”). Moreover, on October 29, 2015, the Corporation announced that it had entered into a memorandum of understanding with the *Ministère de l’Économie, de l’Innovation et des Exportations du Québec* (through *Investissement Québec*) (the “Government”) for a \$1.0 billion investment in the *C Series* aircraft program (the “*C Series* Investment” and, collectively with the Transportation Investment, the “Transactions”). The *C Series* Investment, conditional upon the completion of certain conditions precedent, contemplates the issuance by the Corporation to the Government of warrants exercisable to acquire up to 200,000,000 Class B subordinate voting shares (the “Government Warrants” and, collectively with the CDPQ Warrants, the “Warrants”).

The Board of Directors believes that it is in the best interests of the Corporation to increase the numbers of Class A shares and Class B subordinate voting shares that the Corporation is authorized to issue in order to allow, if necessary, for the issuance of the shares underlying the Warrants issued and to be issued as part of the recently announced Transactions described above, to provide for the flexibility required to access the capital markets for future financing needs, to have available Class B subordinate voting shares for the purpose of compensation plans of the Corporation, and for such other purposes as the Board of Directors deems to be in the best interests of the Corporation.

The Amendment to the Articles of Amalgamation of the Corporation has no tax consequences for shareholders.

The Corporation expects that the Amendment to the Articles of Amalgamation will take effect on or around April 28, 2016.

The *Canada Business Corporations Act* (the “CBCA”) requires that any change in the maximum number of shares of any class of shares of a corporation must be approved by a special resolution of the shareholders entitled to vote thereon, being a majority of not less than two-thirds ( $\frac{2}{3}$ ) of the votes cast by the shareholders who voted in respect of that resolution.

**As such, the Special Resolution/Amendment must be approved by not less than two-thirds ( $\frac{2}{3}$ ) of the votes cast, by proxy or in person, by holders of Class A shares and holders of Class B subordinate voting shares, voting together. The text of the Special Resolution/Amendment to be voted on at the Meeting by the holders of Class A shares and holders of Class B subordinate voting shares is set forth in Exhibit “B” to this Circular.**

**In the absence of instruction to vote against the Amendment to the Articles of Amalgamation as described above, the proxyholders whose names appear on the enclosed form of proxy intend to vote, at the Meeting, FOR the said Amendment and the Special Resolution/Amendment set forth in Exhibit “B” to this Circular.**

## **AMENDMENTS TO THE STOCK OPTION PLAN OF BOMBARDIER**

The Corporation believes that stock options are a valuable tool in retaining and compensating officers and selected employees, and recruiting such qualified personnel. Accordingly, the Corporation has had in place the Stock Option Plan since 1986, which has been amended in 2003, 2004, 2007 and 2009. Additional information regarding the Stock Option Plan is set forth under the heading “A.1.5.3 Stock Option Plan” in Section 5: “Remuneration of the Executive Officers of Bombardier”.

Currently, the Stock Option Plan provides that the maximum number of Class B subordinate voting shares issuable pursuant to the exercise of options under the plan shall not exceed 135,782,688. This maximum number presently represents, in the aggregate, approximately 6.0% of the Corporation’s issued and outstanding Class A shares and Class B subordinate voting shares, or approximately 7.0% of the issued and outstanding Class B subordinate voting shares. In order to ensure that the Corporation can continue to use stock options to attract, retain and motivate valuable human resources required to meet its business objectives, the Board of Directors believes that it is necessary to increase the number of options available to be granted. In particular, an increase is required in order to permit the grant of options to executive officers and selected employees of the Corporation consistent with the Corporation’s approach and philosophy regarding executive compensation.

Accordingly, on February 16, 2016, the Board of Directors approved an amendment to the Stock Option Plan to increase the maximum number of Class B subordinate voting shares that may be issued pursuant to the exercise of options under the plan from 135,782,688 to 224,641,195 (the “First Stock Option Plan Amendment”), subject to receipt of requisite regulatory and shareholder approval. The maximum 224,641,195 Class B subordinate voting shares will represent, in the aggregate, approximately 10% of the Corporation’s currently issued and outstanding Class A shares and Class B subordinate voting shares (and approximately 8.8% of the Corporation’s currently issued and outstanding Class A shares and Class B subordinate voting shares assuming exercise of the Warrants), or approximately 11.6% of the Corporation’s currently issued and outstanding Class B subordinate voting shares (and approximately 10.0% of the Corporation’s currently issued and outstanding Class B subordinate voting shares assuming exercise of the Warrants).

As a necessary consequence of the First Stock Option Plan Amendment, the Board of Directors also approved an amendment to Section 5 of the Stock Option Plan (the “Second Stock Option Plan Amendment” and, together with the First Stock Option Plan Amendment, the “Stock Option Plan Amendments”) to modify the limitation on the number of Class B subordinate voting shares issuable, in the aggregate, pursuant to the Stock Option Plan and any other security-based compensation arrangement of the Corporation, at any time, such that such number shall not exceed 10% of the aggregate number of issued and outstanding Class B subordinate voting shares and Class A shares (instead of 10% of the number of issued and outstanding Class B subordinate voting shares only).

For the reasons indicated above, the Board of Directors of the Corporation believes that the Stock Option Plan Amendments are in the best interests of the Corporation.

**The Ordinary Resolution/Stock Option Plan must be approved by not less than a majority of the votes cast, by proxy or in person, by holders of Class A shares and holders of Class B subordinate voting shares, voting together. The text of the Ordinary Resolution/Stock Option Plan to be voted on at the Meeting by the holders of Class A shares and holders of Class B subordinate voting shares is set forth in Exhibit “C” to this Circular.**

**In the absence of instruction to vote against the Stock Option Plan Amendments as described above, the proxyholders whose names appear on the enclosed form of proxy intend to vote, at the Meeting, FOR the said Stock Option Plan Amendments and the Ordinary Resolution/Stock Option Plan set forth in Exhibit “C” to this Circular.**

The Stock Option Plan Amendments are also subject to approval by the Toronto Stock Exchange (“TSX”). If approved by shareholders and the TSX, the Stock Option Plan as amended by the Stock Option Plan Amendments will supersede and replace the Stock Option Plan and options previously granted under the Stock Option Plan will be deemed to have been granted under the amended Stock Option Plan. In the event shareholders do not approve such resolution at the Meeting, the Stock Option Plan will remain in effect, without the Stock Option Plan Amendments, and all outstanding options will remain subject thereto.



The Board of Directors also approved, on February 16, 2016, amendments to the Stock Option Plan of a “housekeeping” or clerical nature, which amendments have also been approved by the TSX, but are not subject to shareholder approval in accordance with the amending provisions of the Stock Option Plan, in order to delete inapplicable provisions of the plan, including all references in the Stock Option Plan to the Corporation’s former “Directors’ Plan” (being the stock option plan for the benefit of the directors of the Corporation which was abolished effective October 1<sup>st</sup>, 2003) and to stock options granted before June 1<sup>st</sup>, 2009 (none of which are still outstanding), as well as any and all related provisions.

Apart from the “housekeeping” or clerical amendments adopted by the Board of Directors, other amendments were made to the Stock Option Plan by the Board of Directors on February 16, 2016 and have been approved by the TSX, but are not subject to shareholder approval in accordance with the amending provisions of the Stock Option Plan. These amendments include (i) an amendment to modify the eligibility for participation in the Stock Option Plan to include, in addition to officers, senior employees and key employees in full employment by the Corporation or one of its subsidiaries, officers, senior employees and key employees in full employment by any other company, partnership or other legal entity designated by the HRCC from time to time (with necessary adaptations made as a consequence of such amendment to the terms on which the options may be granted, exercised, terminated, cancelled and adjusted), and (ii) an amendment to subsection 7.1.2(i) of the Stock Option Plan to clarify that if an optionee retires between age 55 and 60 after at least 5 years of continuous service with the Corporation or its subsidiaries or any other company, partnership or other legal entity designated by the HRCC from time to time, the options held by such optionee, or part thereof, shall become exercisable or expire, as the case may be, in the events and manner described in subsection 7.1.2(i), regardless of whether such optionee was a participant under an approved retirement plan.

In addition to the foregoing amendments, the Board of Directors also approved, on February 16, 2016, adjustments necessary as a result of the Second Stock Option Plan Amendment to the limitation on the number of Class B subordinate voting shares issuable, in the aggregate, pursuant to the Stock Option Plan and any other security-based compensation arrangement of the Corporation to insiders, at any time, in order to ensure that such limitation remains unaffected by the adoption of the Second Stock Option Plan Amendment. Such adjustments are not subject to shareholder approval in accordance with the amending provisions of the Stock Option Plan.

See the information under the headings “A.1.5.3 Stock Option Plan” and “A.1.5.4 Additional Restrictions and Other Information in respect of the 2010 DSUP and the Stock Option Plan” in Section 5: “Remuneration of the Executive Officers of Bombardier”, for a complete description of the Stock Option Plan.

## **AMENDMENTS TO THE 2010 DEFERRED SHARE UNIT PLAN OF BOMBARDIER**

As a necessary consequence of the Second Stock Option Plan Amendment, the Board of Directors also approved, on February 16, 2016, an amendment to subsection 3.3 of the 2010 Deferred Share Unit Plan of Bombardier (the “2010 DSUP”) (the “2010 DSUP Amendment”) to modify the limitation on the number of Class B subordinate voting shares issuable, in the aggregate, pursuant to the 2010 DSUP and any other security-based compensation arrangement of the Corporation, at any time, such that such number shall not exceed 10% of the aggregate number of issued and outstanding Class B subordinate voting shares and Class A shares (instead of 10% of the number of issued and outstanding Class B subordinate voting shares only).

For the reasons indicated above, the Board of Directors of the Corporation believes that the 2010 DSUP Amendment is in the best interests of the Corporation.

**The Ordinary Resolution/2010 DSUP must be approved by not less than a majority of the votes cast, by proxy or in person, by holders of Class A shares and holders of Class B subordinate voting shares, voting together. The text of the Ordinary Resolution/2010 DSUP to be voted on at the Meeting by the holders of Class A shares and holders of Class B subordinate voting shares is set forth in Exhibit “D” to this Circular.**

**In the absence of instruction to vote against the 2010 DSUP Amendment as described above, the proxyholders whose names appear on the enclosed form of proxy intend to vote, at the Meeting, FOR the said 2010 DSUP Amendment and the Ordinary Resolution/2010 DSUP set forth in Exhibit “D” to this Circular.**

The 2010 DSUP Amendment is also subject to approval by the TSX. If approved by shareholders and the TSX, the 2010 DSUP as amended by the 2010 DSUP Amendment will supersede and replace the 2010 DSUP and DSUs previously granted under the 2010 DSUP will be deemed to have been granted under the amended 2010 DSUP. In the event shareholders do not approve such resolution at the Meeting, the 2010 DSUP will remain in effect, without the 2010 DSUP Amendment, and all such outstanding DSUs will remain subject thereto.

In addition to the foregoing amendments, the Board of Directors also approved, on February 16, 2016, adjustments necessary as a result of the 2010 DSUP Amendment to the limitation on the number of Class B subordinate voting shares issuable, in the aggregate, pursuant to the 2010 DSUP and any other security-based compensation arrangement of the Corporation to insiders, at any time, in order to ensure that such limitation remains unaffected by the adoption of the 2010 DSUP Amendment. Such adjustments are not subject to shareholder approval in accordance with the amending provisions of the 2010 DSUP.

Another amendment was made to the 2010 DSUP by the Board of Directors on February 16, 2016 and has been approved by the TSX, but is not subject to shareholder approval in accordance with the amending provisions of the 2010 DSUP. Specifically, the Board approved an amendment to modify the eligibility for participation in the 2010 DSUP to include, in addition to senior officers of the Corporation or its subsidiaries, senior officers of any other company, partnership or other legal entity designated by the HRCC from time to time (with necessary adaptations made as a consequence of such amendment to the terms on which the DSUs may be granted, terminated, cancelled and adjusted).

See the information under the headings “A.1.5.1 Restricted Share Unit Plan (RSU Plan), Performance Share Unit Plan (PSU Plan), Deferred Share Unit Plan (DSU Plan) and 2010 Deferred Share Unit Plan (2010 DSUP)” and “A.1.5.4 Additional Restrictions and Other Information in respect of the 2010 DSUP and the Stock Option Plan” in Section 5: “Remuneration of the Executive Officers of Bombardier”, for a complete description of the 2010 DSUP.

## **AMENDMENT TO THE ARTICLES OF AMALGAMATION OF BOMBARDIER – SHARE CONSOLIDATION**

*With the exception of the anticipated post-consolidation share numbers set forth in this proposal, share numbers set forth in this Circular do not reflect the effect of the proposed Share Consolidation.*

### **INTRODUCTION**

The Corporation is asking shareholders to authorize the Board of Directors to effect, at such time as the Board of Directors shall deem appropriate, but in any event no later than October 31, 2016, a share consolidation (or reverse stock split) of the Class A shares, issued and unissued, and Class B subordinate voting shares, issued and unissued, at a Share Consolidation ratio to be determined by the Board of Directors but within the range of one post-consolidation Class A share or Class B subordinate voting share, as the case may be, for every 8 to 16 pre-consolidation Class A shares or Class B subordinate voting shares, as the case may be, by filing articles of amendment to the Corporation’s Articles of Amalgamation, as amended, subject to the Board of Directors’ authority to decide not to proceed with the filing of the articles of amendment and the implementation of the Share Consolidation. The Board of Directors may, in its discretion, select any ratio for the Share Consolidation falling within the aforementioned range of ratios upon receipt of shareholder approval and prior to the filing of articles of amendment to the Corporation’s Articles of Amalgamation, as amended. Currently, the Board of Directors believes that an initial post-consolidation share price in the range of \$10 to \$20 per Class A share or Class B subordinate voting share, as the case may be, would be an appropriate initial price level for such shares. However, the Board of Directors may, in its sole discretion, select a ratio from within the range set forth in the Special Resolution/Share Consolidation that would be expected to result in an initial post-consolidation share price that is above or below this range. The actual timing for implementation, if any, of the Share Consolidation would be determined by the Board of Directors based upon its evaluation as to when such action would be most advantageous to the Corporation and its shareholders. These determinations would be made by the Board of Directors based upon prevailing market conditions at that time.

The Board of Directors will retain the authority, notwithstanding approval of the Share Consolidation by shareholders, to determine in its discretion not to proceed with the Share Consolidation, without further approval or action by or prior notice to shareholders. If the Share Consolidation is not implemented prior to October 31, 2016, the shareholder approval granted in respect of the Share Consolidation will be deemed to have been revoked and the Board of Directors will be required to obtain new shareholder approval if it wishes to implement a share consolidation.

The Board of Directors believes that the proposed range of Share Consolidation ratios (rather than a single ratio) will provide it with the flexibility to implement the Share Consolidation in a manner designed to maximize the anticipated benefits to the Corporation and its shareholders and because it is not possible to predict market conditions at the time the Share Consolidation would be implemented. In determining which precise Share Consolidation ratio within the aforementioned range of ratios to implement, if any, following the receipt of shareholder approval, the Board of Directors may consider, among other things, factors such as:

- the historical trading prices and trading volume of the Class A shares and Class B subordinate voting shares;
- the then prevailing trading price and trading volume of the Class A shares and Class B subordinate voting shares and the anticipated impact of the Share Consolidation on the trading market(s) for the Class A shares and Class B subordinate voting shares;
- the outlook for the trading price of the Class A shares and Class B subordinate voting shares;
- threshold prices of brokerage houses or institutional investors that could impact their ability to invest or recommend investments in the Class A shares and/or Class B subordinate voting shares;
- the number of Class A shares and Class B subordinate voting shares that may be issued pursuant to outstanding securities exercisable or exchangeable for, or convertible into, Class A shares or Class B subordinate voting shares, and pursuant to the exercise of the Warrants issued and to be issued as part of the recently announced Transactions described above;
- the greatest overall reduction of the Corporation’s administrative costs; and
- prevailing general market and economic conditions.

At the close of business on March 7, 2016, the closing price of the Class A shares and Class B subordinate voting shares on the TSX was \$1.41 and \$1.26, respectively, and there were 313,900,550 issued and outstanding Class A shares and 1,932,555,138 issued and outstanding Class B subordinate voting shares. Based on the numbers of Class A shares and Class B subordinate voting shares issued and outstanding on March 7, 2016, immediately following the completion of the Share Consolidation, for illustrative purposes only, (i) assuming a Share Consolidation ratio of 8-for-1, we would have approximately 39,237,568 and 241,569,392 Class A shares and Class B subordinate voting shares issued and outstanding, respectively, (ii) assuming a Share Consolidation ratio of 12-for-1, we would have approximately 26,158,379 and 161,046,261 Class A shares and Class B subordinate voting shares issued and outstanding, respectively, and (iii) assuming a Share Consolidation ratio of 16-for-1, we would have approximately 19,618,784 and 120,784,696 Class A shares and Class B subordinate voting shares issued and outstanding, respectively (in each case without giving effect to the treatment of fractional shares). The Corporation does not expect the Share Consolidation itself to have any economic effect on shareholders or holders of securities exercisable or exchangeable for, or convertible into, Class A shares or Class B subordinate voting shares, except to the extent the Share Consolidation will result in fractional shares as discussed below.

## **BACKGROUND AND REASONS FOR THE SHARE CONSOLIDATION**

The Board of Directors is seeking authority to implement the Share Consolidation for the following reasons.

### **POTENTIAL FOR INCREASED AND MORE ATTRACTIVE SHARE PRICE**

The Corporation believes that it is desirable for its Class A shares and Class B subordinate voting shares to trade at a higher price per share. An increase in trading price of the Class A shares and Class B subordinate voting shares that may result from a share consolidation could heighten the interest of the financial community in the Corporation and potentially broaden the pool of investors that may consider investing or may be able to invest in the Corporation, potentially increasing the trading volume and liquidity of the Class A shares and Class B subordinate voting shares. The Share Consolidation could also help to attract institutional investors who have internal policies that either prohibit them from purchasing stocks below a certain minimum price or tend to discourage individual brokers from recommending such stocks to their customers.

### **REDUCED SHAREHOLDER TRANSACTION COSTS**

Many investors pay commissions based on the number of shares traded when they buy or sell stock. If the stock prices of the Corporation's Class A shares and Class B subordinate voting shares were higher, these investors would pay lower commissions to trade a fixed dollar amount of the Class A shares and/or Class B subordinate voting shares, as the case may be, than they would if the stock prices were lower. In addition, current shareholders who hold only a few Class A shares or Class B subordinate voting shares may not have an economic way to sell their shares. To the extent these shareholders are left with fractional shares as a result of the Share Consolidation, they would receive cash for their shares without incurring transaction costs.

### **IMPROVED TRADING LIQUIDITY**

The combination of potentially lower transaction costs and increased interest from institutional investors and investment funds could ultimately improve the trading liquidity of the Corporation's Class A shares and Class B subordinate voting shares.

### **EFFECTIVE DATE OF SHARE CONSOLIDATION**

If shareholders approve the Share Consolidation, it is the intention of the Corporation to file articles of amendment giving effect thereto on the basis set out in the Special Resolution/Share Consolidation, the full text of which is reproduced in Exhibit "E" to this Circular. The effective date of the Share Consolidation will be the date of issuance of the Certificate of Amendment by the Director under the CBCA and such date is referred to as the "Share Consolidation Effective Date". On the Share Consolidation Effective Date, the Class A shares and Class B subordinate voting shares will be consolidated on the basis described above.

### **CERTAIN RISK FACTORS ASSOCIATED WITH THE SHARE CONSOLIDATION**

- Reducing the numbers of issued and outstanding Class A shares and Class B subordinate voting shares through the Share Consolidation is intended, absent other factors, to increase the per share market price of the Class A shares and Class B subordinate voting shares; however, the market price of the Class A shares and Class B subordinate voting shares will also be based on the Corporation's financial and operational results, its available capital and liquidity resources, the development of its product pipeline, the state of the market for the Class A shares and Class B subordinate voting shares at the time, general economic, geopolitical, market and industry conditions, the market perception of the Corporation's business and other factors and contingencies, which are unrelated to the number of shares outstanding. As a result, there can be no assurance that the market price of the Class A shares and Class B subordinate voting shares will in fact increase following the Share Consolidation or will not decrease in the future. If the



market price of the Class A shares and/or Class B subordinate voting shares is lower than it was before the Share Consolidation, the respective total market capitalization of the Corporation's Class A shares and Class B subordinate voting shares after the Share Consolidation may be lower than before the Share Consolidation. In addition, in the future, the market price of the Class A shares and Class B subordinate voting shares following the Share Consolidation may not exceed or remain higher than the market price prior to the Share Consolidation.

- While the Board of Directors believes that a higher share price could help to attract institutional investors who have internal policies that either prohibit them from purchasing stocks below a certain minimum price or tend to discourage individual brokers from recommending such stocks to their customers, the Share Consolidation may not result in a per share market price that will attract institutional investors or investment funds and such share price may not satisfy the investing guidelines of institutional investors or investment funds. As a result, the trading liquidity of the Class A shares and Class B subordinate voting shares may not improve.
- If the Share Consolidation is effected and the market price of the Class A shares and Class B subordinate voting shares declines, the percentage decline as an absolute number and as a percentage of the Corporation's overall market capitalization may be greater than would occur in the absence of the Share Consolidation. In many cases, both the total market capitalization of a company and the market price of such company's shares following a share consolidation are lower than they were before the share consolidation. Furthermore, the liquidity of the Corporation's Class A shares and Class B subordinate voting shares could be adversely affected by the reduced number of Class A shares and Class B subordinate voting shares that would be outstanding after the Share Consolidation.
- The Share Consolidation may also result in some shareholders owning "odd lots" of less than 100 Class A shares and Class B subordinate voting shares. Odd lots may be more difficult to sell, or require greater transaction costs per share to sell, than shares in "board lots" of even multiples of 100 shares.

## **EFFECTS OF THE SHARE CONSOLIDATION**

### **GENERAL**

If the Share Consolidation is approved and implemented, the principal effect will be to proportionately decrease the numbers of issued and unissued Class A shares and Class B subordinate voting shares, based on the Share Consolidation ratio chosen by the Board of Directors. The Share Consolidation will not affect the listing of the Class A shares and Class B subordinate voting shares on the TSX. Following the Share Consolidation, except as described herein, the Class A shares and Class B subordinate voting shares will continue to be listed on the TSX under the symbols "BBD.A" and "BBD.B", respectively, although the post-consolidation Class A shares and Class B subordinate voting shares will be considered a substituted listing with new CUSIP and ISIN numbers.

Because the Share Consolidation would apply to all of the issued and outstanding Class A shares and Class B subordinate voting shares, the proportionate voting and equity interests in the Corporation and other rights, preferences, privileges or priorities of the holders of Class A shares and/or Class B subordinate voting shares will not be affected by the Share Consolidation, other than as a result of the treatment of fractional shares as described below. For example, a holder of 2% of the voting power attached to all of the outstanding Class A shares and Class B subordinate voting shares immediately prior to the Share Consolidation Effective Date will generally continue to hold 2% of the voting power attached to all of the outstanding Class A shares and Class B subordinate voting shares immediately after the Share Consolidation Effective Date. The number of registered shareholders will not be affected by the Share Consolidation (except to the extent any are cashed out as a result of holding fractional shares).

No fractional shares will be issued or delivered to registered holders of Class A shares and/or Class B subordinate voting shares in connection with the Share Consolidation. If, as a result of the Share Consolidation, a shareholder becomes entitled to a fractional share, the number of new post-consolidation Class A shares and/or Class B subordinate voting shares, as the case may be, to which the registered shareholder is entitled, will be rounded down to the nearest whole number, and any and all fractional Class A shares and Class B subordinate voting shares to which registered holders would otherwise be entitled as a result of the Share Consolidation shall be aggregated and sold by the Corporation's transfer agent and registrar on the market as described under "Payment for fractional shares" below.

Moreover, the rate of the priority dividend per share per annum carried by the Class B subordinate voting shares, currently set at \$0.0015625 per share per annum in the Articles of Amalgamation, will be, as a direct and necessary consequence of the Share Consolidation, proportionately adjusted upon the implementation of the Share Consolidation, based on the Share Consolidation ratio selected by the Board of Directors. However, shareholders will not be affected, as their entitlement with respect to this priority dividend, subject to the Board of Directors' discretion as to the declaration of dividends, will remain unchanged.

If approved and implemented, the Share Consolidation may result in some shareholders owning "odd lots" of fewer than 100 Class A shares and/or Class B subordinate voting shares. Odd lot shares may be more difficult to sell, and brokerage commissions and other costs of transactions in odd lots may be higher than the costs of transactions in "round lots" of even multiples of 100 shares. The Board of Directors believes, however, that these potential effects are outweighed by the anticipated benefits of the Share Consolidation.

Beneficial shareholders holding their Class A shares and/or Class B subordinate voting shares through a nominee should note that such nominee may have different procedures for processing the Share Consolidation than those that will be put in place for registered shareholders. If you hold your Class A shares and/or Class B subordinate voting shares with a nominee and if you have questions in this regard, you are encouraged to contact your nominee.

#### ***EFFECT ON AUTHORIZED BUT UNISSUED CLASS A SHARES AND CLASS B SUBORDINATE VOTING SHARES***

Currently, the Corporation is authorized to issue up to 2,742,000,000 Class A shares and 2,742,000,000 Class B subordinate voting shares. Assuming approval by the shareholders of the Special Resolution/Amendment, the Corporation will be authorized to issue up to 3,592,000,000 Class A shares and 3,592,000,000 Class B subordinate voting shares, effective on or around April 28, 2016. The maximum numbers of Class A shares and Class B subordinate voting shares that the Corporation is authorized to issue, as set out in its Articles of Amalgamation, as amended by the Articles of Amendment in the event the Special Resolution/Amendment is approved by shareholders, if applicable, will be proportionately adjusted upon the implementation of the Share Consolidation based on the Share Consolidation ratio selected by the Board of Directors. If, for illustrative purposes only, the Share Consolidation ratio is 12-for-1, the maximum numbers of Class A shares and Class B subordinate voting shares that the Corporation is authorized to issue, as set out in its Articles of Amalgamation, as amended by the Articles of Amendment in the event the Special Resolution/Amendment is approved by shareholders, if applicable, will be divided by 12.

#### ***EFFECT ON CONVERTIBLE SECURITIES, STOCK OPTIONS AND OTHER ARRANGEMENTS***

Subject to TSX approval, where required:

- the exercise or conversion price and/or the number of shares of the Corporation issuable under any of the Corporation's outstanding convertible securities, stock options, share units, rights and any other similar securities, will be proportionately adjusted upon the implementation of the Share Consolidation based on the Share Consolidation ratio selected by the Board of Directors; and
- the number of Class B subordinate voting shares reserved for issuance under each of the Corporation's Stock Option Plan and 2010 DSUP will be reduced proportionately based on the Share Consolidation ratio selected by the Board of Directors.

Shareholder approval is not required in order for the Board of Directors to make the necessary adjustments mentioned above in order to give effect to the Share Consolidation.

Similarly, the applicable exercise prices and the numbers of Class B subordinate voting shares issuable pursuant to the exercise of the Warrants issued and to be issued as part of the recently announced Transactions will be proportionately adjusted upon the implementation of the Share Consolidation, based on the Share Consolidation ratio selected by the Board of Directors, subject to TSX approval.

#### ***MECHANICS OF THE SHARE CONSOLIDATION***

##### ***BOOK-ENTRY SHARES (REGISTERED OR BENEFICIAL)***

If the Share Consolidation is effected, the holders of Class A shares and Class B subordinate voting shares who hold uncertificated shares (i.e., shares held in book-entry form and not represented by a physical share certificate), either as registered holders or beneficial owners, will have their existing book-entry account(s) electronically adjusted by the Corporation's transfer agent or, for beneficial owners, by their brokerage firms, banks, trusts or other nominees that hold in "street name" for their benefit, as the case may be, to give effect to the Share Consolidation. Such holders do not need to take any additional actions to exchange their pre-consolidation book-entry shares, if any, for post-consolidation shares.

##### ***NON-REGISTERED SHAREHOLDERS***

Non-registered shareholders holding their Class A shares and/or Class B subordinate voting shares, as the case may be, through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Share Consolidation than those that will be put in place by the Corporation for registered shareholders, and their procedures may result, for example, in differences in the precise cash amounts being paid by such nominees in lieu of fractional share interests. If you hold your shares with such a bank, broker or other nominee and if you have questions in this regard, you are encouraged to contact your nominee.

If you are an employee of Bombardier and you own shares under Bombardier's ESPP, your shares are registered in the name of Computershare Trust Company of Canada, the administrator of the ESPP, until such time as the shares are withdrawn from the ESPP pursuant to its terms and conditions, and you do not need to take any action to exchange such pre-consolidation shares for post-consolidation shares.

##### ***REGISTERED SHAREHOLDERS HOLDING SHARE CERTIFICATES—EXCHANGE OF SHARE CERTIFICATES***

If the Share Consolidation is approved by shareholders and subsequently implemented, those registered shareholders who will hold at least one (1) post-consolidation Class A share and/or one (1) post-consolidation Class B subordinate voting share

will be required to exchange their share certificates representing their old Class A shares and Class B subordinate voting shares for new share certificates representing the new post-consolidation Class A shares and Class B subordinate voting shares.

In the event the Share Consolidation is approved and implemented, the Corporation (or its transfer agent) will mail to each registered shareholder a letter of transmittal addressed to the Corporation and its transfer agent, which each registered shareholder will need to sign and complete following the Corporation's announcement of the Share Consolidation Effective Date. The letter of transmittal will contain instructions on how to surrender to the transfer agent the certificate(s) representing the registered shareholder's Class A shares and/or Class B subordinate voting shares, as the case may be.

The transfer agent will send to each registered shareholder who has sent the required documents, including their share certificates representing their old Class A shares and Class B subordinate voting shares, new share certificate(s) representing the number of new post-consolidation Class A shares and/or Class B subordinate voting shares, as the case may be, to which the registered shareholder is entitled, rounded down to the nearest whole number. Until surrendered to the transfer agent, each share certificate representing pre-consolidation Class A shares or Class B subordinate voting shares will be deemed cancelled and, for all purposes, will be deemed to represent, respectively, only the number of post-consolidation Class A shares or Class B subordinate voting shares, as the case may be, and the right to receive the amount of cash for any fractional shares to which the registered shareholder is entitled as a result of the Share Consolidation, if any.

Until surrendered as contemplated herein, a registered shareholder's old share certificate(s) shall be deemed as of and after the Share Consolidation Effective Date to represent the number of full Class A shares and/or Class B subordinate voting shares, as the case may be, resulting from the Share Consolidation, if any. However, until registered shareholders have returned their properly completed and duly executed letter of transmittal and surrendered their old share certificate(s) for exchange, registered shareholders will not be entitled to receive any dividends or other distributions, if any, that may be declared and payable to holders of record following the Share Consolidation.

The use of the mail to transmit certificates representing pre-consolidation Class A shares and/or Class B subordinate voting shares, as the case may be, is at each shareholder's option and risk and neither the Corporation nor its transfer agent will have any liability in respect of share certificates and/or letters of transmittal which are not actually received by the transfer agent. The Corporation recommends that such certificates and documents be delivered by hand to the transfer agent and a receipt therefor be obtained or, if mailed, that registered mail with return receipt be used and that appropriate insurance be obtained.

All questions as to form, validity and acceptance of any pre-consolidation Class A shares and Class B subordinate voting shares deposited pursuant to the Share Consolidation will be determined by the Corporation in its sole discretion. Shareholders depositing Class A shares and/or Class B subordinate voting shares agree that such determination shall be final and binding. The Corporation reserves the absolute right to reject any and all deposits which the Corporation determines not to be in proper form or right to waive any defect or irregularity in the deposit of any pre-consolidation Class A shares and/or Class B subordinate voting shares, as the case may be. There shall be no duty or obligation on the Corporation, the transfer agent or any other person to give notice of any defect or irregularity in any deposit of Class A shares and/or Class B subordinate voting shares, as the case may be, and no liability shall be incurred by any of them for failure to give such notice. The Corporation reserves the right to permit the procedure for the exchange of shares pursuant to the Share Consolidation to be completed other than that as set out above.

Any registered shareholder whose old certificate(s) have been lost, destroyed or stolen will be entitled to a replacement share certificate only after complying with the requirements that the Corporation and the transfer agent customarily apply in connection with lost, destroyed or stolen certificates.

**REGISTERED SHAREHOLDERS SHOULD NEITHER DESTROY NOR SUBMIT ANY SHARE CERTIFICATE(S) UNTIL REQUESTED TO DO SO.**

### ***PAYMENT FOR FRACTIONAL SHARES***

No certificates representing fractional shares will be issued or delivered if, as a result of the Share Consolidation, a registered shareholder would otherwise become entitled to a fractional Class A share or Class B subordinate voting share. Any and all such fractional shares will be aggregated and sold by the Corporation's transfer agent and registrar on the market, with the proceeds therefrom, net of brokerage commissions and expenses, being proportionately distributed to registered shareholders (without interest) in lieu of such fractional shares. After the Share Consolidation, then current registered shareholders will have no further interest in the Corporation with respect to their fractional Class A shares or Class B subordinate voting shares and such shareholders will not have any voting, dividend or other rights in respect of such fractional Class A shares or Class B subordinate voting shares other than the right to receive payment therefor as described herein. The elimination of fractional interests will reduce the number of post-consolidation registered shareholders to the extent that there are registered shareholders holding Class A shares or Class B subordinate voting shares that are not in a multiple of 12, if, for illustrative purposes only, the Share Consolidation ratio is 12-for-1. This is not, however, the purpose for which the Corporation is proposing to effect the Share Consolidation.

## **NO DISSENT RIGHTS**

Under the CBCA, shareholders do not have dissent rights with respect to the proposed Share Consolidation.

## **ACCOUNTING CONSEQUENCES**

Following the Share Consolidation, earnings (loss) per share, and other per share amounts, will be increased in absolute terms because there will be fewer Class A shares and Class B subordinate voting shares issued and outstanding. In future financial statements, earnings (loss) per share and other per share amounts for periods ending before the Share Consolidation Effective Date would be recast to give retroactive effect to the Share Consolidation.

## **CERTAIN TAX CONSEQUENCES OF THE SHARE CONSOLIDATION**

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF THE SHARE CONSOLIDATION**

The following summary describes the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the “Tax Act”) generally applicable to a holder of the Corporation’s Class A shares and Class B subordinate voting shares whose shares are consolidated pursuant to the Share Consolidation and who, for purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is a resident of Canada, holds its shares as capital property and deals at arm’s length and is not affiliated with the Corporation (a “Canadian Holder”).

This summary is not applicable to: (i) a Canadian Holder that is a “financial institution” as defined in Tax Act for the purposes of the mark-to-market rules; (ii) a Canadian Holder an interest in which would be a “tax shelter investment” as defined in the Tax Act; (iii) a Canadian Holder that is a “specified financial institution” as defined in the Tax Act; (iv) a Canadian Holder that is a corporation that has elected in the prescribed form and manner and has otherwise met the requirements to use functional currency tax reporting as set out in the Tax Act; or (v) a Canadian Holder that is exempt from income tax under the Tax Act. Any such Canadian Holder to which this summary does not apply should consult its own tax advisor.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “Regulations”), and Canadian counsel’s understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency and takes into account all specific proposals to amend the Tax Act and the Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Tax Proposals”), and assumes that all such Tax Proposals will be enacted in the form proposed. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative practices, whether by judicial, governmental, administrative or legislative action or interpretation, nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

**THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES IN THEIR PARTICULAR CIRCUMSTANCES.**

A Canadian Holder will not realize a capital gain or a capital loss as a result of the Share Consolidation, other than with respect to the sale of a fractional share as discussed below. Immediately after the Share Consolidation but before the sale of any fractional share as described under “Payment for Fractional Shares”, the aggregate adjusted cost base to a Canadian Holder of all its Class A shares and Class B subordinate voting shares (including any fractional share issued as a result of the Share Consolidation) will be the same as it was immediately before the Share Consolidation.

A Canadian Holder on whose behalf a fractional share will be sold following the Share Consolidation as described under “Payment for Fractional Shares” will be considered to have disposed of such fractional share at the time of such sale and will realize a capital gain (or a capital loss) to the extent that the cash received for the fractional share, net of reasonable costs of disposition, exceeds (or is less than) the adjusted cost base of such fractional share to the Canadian Holder. Generally, one-half of any capital gain (taxable capital gain) realized must be included in income and one-half of any capital loss (allowable capital loss) realized may be deducted against taxable capital gains, in accordance with the detailed provisions of the Tax Act.

### **CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE SHARE CONSOLIDATION**

The following discussion is a general summary of certain U.S. federal income tax consequences of the Share Consolidation that may be relevant to holders of the Class A shares and Class B subordinate voting shares that hold such shares as a capital asset within the meaning of Section 1221 of the Internal Revenue Code, as amended (the “IRC”). This summary is based upon the provisions of the IRC, Treasury regulations promulgated thereunder, administrative rulings and judicial decisions as of the date hereof, all of which may change, possibly with retroactive effect, resulting in U.S. federal income tax consequences that may differ from those discussed below. This discussion does not address all aspects of federal income taxation that may be relevant to such holders in light of their particular circumstances or to holders that may be subject to special tax rules, including, without limitation: (i) banks, insurance companies, or other financial institutions; (ii) tax-exempt organizations; (iii) retirement plans, individual plans, individual retirement accounts and tax-deferred accounts; (iv) dealers in securities, currency or commodities; (v) regulated investment companies or real estate investment trusts and shareholders

of such corporations; (vi) partnerships (or other flow-through entities for U.S. federal income tax purposes) and their partners or members; (vii) traders in securities; (viii) U.S. Holders (as defined below) whose “functional currency” is not the U.S. dollar; (ix) persons holding Class A shares and Class B subordinate voting shares as a position in a hedging transaction, “straddle,” “conversion transaction,” “constructive sale,” “wash sale,” “synthetic security” or other integrated or risk reduction transaction; (x) persons who acquire Class A shares and Class B subordinate voting shares in connection with employment or other performance of services; (xi) U.S. expatriates; and (xii) Non-U.S. Holders (as defined below) that are controlled foreign corporations or passive foreign investment companies. In addition, this summary does not address the tax consequences arising under the laws of any foreign, state or local jurisdiction and U.S. federal tax consequences other than federal income taxation. This summary also does not address the 3.8% Medicare tax imposed on certain income.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Class A shares and Class B subordinate voting shares, the tax treatment of a holder that is a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership.

**EACH HOLDER OF THE CLASS A SHARES AND CLASS B SUBORDINATE VOTING SHARES SHOULD CONSULT ITS TAX ADVISOR WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES OF THE SHARE CONSOLIDATION TO SUCH HOLDER.**

For purposes of the discussion below, a “U.S. Holder” is a beneficial owner (other than a partnership) of Class A shares and Class B subordinate voting shares that for U.S. federal income tax purposes is: (1) an individual citizen or resident of the United States, including an alien individual who is a permanent resident in the U.S. or who meets the “substantial presence” test under section 7701(b) of the IRC; (2) a corporation (including any entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (4) a trust, the administration of which is subject to the primary supervision of a U.S. court and as to which one or more U.S. persons have the authority to control all substantial decisions of the trust, or that has a valid election in effect to be treated as a U.S. person. A “Non-U.S. Holder” is a beneficial owner of Class A shares and Class B subordinate voting shares that is an individual, corporation, estate or trust that is not a U.S. Holder.

**U.S. HOLDERS**

The Share Consolidation should constitute a “recapitalization” for U.S. federal income tax purposes. As a result, a U.S. Holder generally should not recognize gain or loss upon the Share Consolidation, except with respect to cash received in lieu of a fractional Class A shares and Class B subordinate voting shares, as discussed below. A U.S. Holder’s aggregate tax basis in the Class A shares and Class B subordinate voting shares received pursuant to the Share Consolidation should equal the aggregate tax basis of the Class A shares and Class B subordinate voting shares surrendered (excluding any portion of such basis that is allocated to any fractional Class A share and Class B subordinate voting share), and such U.S. Holder’s holding period (i.e. acquired date) in the Class A shares and Class B subordinate voting shares received should include the holding period in the Class A shares and Class B subordinate voting shares surrendered. Holders of the Class A shares and Class B subordinate voting shares acquired on different dates and at different prices should consult their tax advisors regarding the allocation of the tax basis and holding period of such shares. A U.S. Holder that receives cash in lieu of a fractional Class A share and Class B subordinate voting share pursuant to the Share Consolidation should recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the U.S. Holder’s tax basis in the Class A shares and Class B subordinate voting shares surrendered that is allocated to such fractional Class A share and Class B subordinate voting share. Such capital gain or loss should be long term capital gain or loss if the U.S. Holder’s holding period for the Class A shares and Class B subordinate voting shares surrendered exceeded one year at the Share Consolidation effective time.

*Information Reporting and Backup Withholding.* Information returns generally will be required to be filed with the Internal Revenue Service (the “IRS”) with respect to the receipt of cash in lieu of a fractional Class A share and Class B subordinate voting share pursuant to the Share Consolidation in the case of certain U.S. Holders. In addition, a U.S. Holder may be subject to a backup withholding tax on the payment of such cash if the U.S. Holder is not otherwise exempt and it: (i) fails to furnish a Taxpayer Identification Number (“TIN”) for use in reporting information to the IRS; (ii) furnishes an incorrect TIN; (iii) is notified by the IRS that it has failed to report properly payment of interest or dividends; or (iv) fails to certify, under penalties of perjury, that it has furnished the correct TIN, that it is a U.S. person and that it is not subject to backup withholding. Under current law, the backup withholding rate is 28%. Backup withholding is not an additional tax. Any amounts withheld from a U.S. Holder under the backup withholding rules may be refunded or allowed as a credit against the U.S. Holder’s federal income tax liability, if any, provided the required information is timely furnished to the IRS.

**NON-U.S. HOLDERS**

Non-U.S. Holders that exchange Class A shares and Class B subordinate voting shares pursuant to the Share Consolidation generally should be subject to tax in the manner described above under “U.S. Holders,” except that any capital gain realized by a Non-U.S. Holder as a result of receiving cash in lieu of a fractional Class A share and Class B subordinate voting share generally should not be subject to U.S. federal income or withholding tax unless the gain is effectively connected with the Non-U.S. Holder’s conduct of a trade or business in the U.S. (and, if certain income tax treaties apply, is attributable to a Non-U.S. Holder’s permanent establishment in the U.S.). Non-U.S. Holders subject to U.S. federal income tax with respect to



gain recognized as a result of receiving cash in lieu of a fractional Class A share and Class B subordinate voting share generally will be taxed on such gain in the same manner as if they were U.S. Holders although, under certain circumstances, foreign corporations may be subject to an additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

*Information Reporting and Backup Withholding.* In general, backup withholding and information reporting will not apply to payment of cash in lieu of a fractional Class A share and Class B subordinate voting share to a Non-U.S. Holder pursuant to the Share Consolidation if the Non-U.S. Holder certifies in the manner required that it is a Non-U.S. Holder and neither the Corporation nor its transfer agent has actual knowledge to the contrary. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability, if any, provided that certain required information is timely furnished to the IRS. In certain circumstances, the amount of cash paid to a Non-U.S. Holder in lieu of a fractional Class A share and Class B subordinate voting share and certain other information may be reported to the IRS.

### **SPECIAL RESOLUTION**

The CBCA requires that any change in the number of shares of any class of shares of a corporation into a different number of shares of the same class must be approved by a special resolution of the shareholders of that corporation, being a majority of not less than two-thirds ( $\frac{2}{3}$ ) of the votes cast by the shareholders who voted in respect of that resolution.

**As such, the Special Resolution/Share Consolidation must be approved by not less than two-thirds ( $\frac{2}{3}$ ) of the votes cast, by proxy or in person, by holders of Class A shares and holders of Class B subordinate voting shares, voting together. The text of the Special Resolution/Share Consolidation to be voted on at the Meeting by the holders of Class A shares and holders of Class B subordinate voting shares is set forth in Exhibit "E" to this Circular.**

**The Board of Directors believes that the proposed Share Consolidation is in the best interests of the Corporation and therefore recommends that the holders of Class A shares and holders of Class B subordinate voting shares vote FOR the Share Consolidation and the Special Resolution/Share Consolidation.**

**In the absence of instruction to vote against the proposed Share Consolidation as described above, the proxyholders whose names appear on the enclosed form of proxy intend to vote, at the Meeting, FOR the Share Consolidation and the Special Resolution/Share Consolidation set forth in Exhibit "E" to this Circular.**

### **NON-BINDING ADVISORY VOTE ON BOMBARDIER'S APPROACH TO EXECUTIVE COMPENSATION**

The approach of Bombardier regarding executive compensation is to maximize the overall performance of the Corporation through the individual performance of its executives. The goals of the policy are to attract, retain and motivate executives in order to increase business performance and enhance shareholder value which supports the pay-for-performance commitment of Bombardier.

Bombardier's executive compensation policy focuses on total compensation: base salary, short-term incentives, long-term incentives, pension, benefits and perquisites. The Corporation's philosophy is to position the total executive direct compensation package at the median (50th percentile) compared with similar positions in companies that have international operations and are comparable in size and complexity to Bombardier in the relevant markets.

Section 5: "Remuneration of the Executive Officers of Bombardier" of this Circular provides a lot of meaningful information on the various elements of the executive compensation policy of Bombardier.

The Board of Directors has decided, during its meeting on March 30, 2011, to implement advisory, but non-binding, votes on executive compensation (otherwise known as "Say on Pay"). Thus, the shareholders of the Corporation will be called, during the Meeting, to vote **"FOR"** or **"AGAINST"** the adoption of the following resolution with respect to Bombardier's approach to executive compensation:

**"RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors of Bombardier Inc., that the shareholders of Bombardier Inc. accept the approach to executive compensation disclosed in the Management Proxy Circular delivered in advance of the annual and special meeting of the shareholders of Bombardier Inc. held on April 28, 2016".**

Since this is an advisory resolution, the results will not be binding on the Board of Directors. However, the members of the HRCC will take into account the results of the vote when reviewing, in the future, executive compensation philosophy, policies, programs or arrangements.

The results of the vote will also be included in the report on voting results to be posted on the SEDAR website, at [www.sedar.com](http://www.sedar.com), following the Meeting.

**The Board of Directors recommends to its shareholders and their proxyholders to vote FOR the adoption of this non-binding advisory resolution on Bombardier's approach to executive compensation.**

**Adoption of this resolution will require a majority of the votes cast, by proxy or in person, by the holders of Class A shares and holders of Class B subordinate voting shares, voting together.**

## SECTION 3: REMUNERATION OF THE DIRECTORS OF BOMBARDIER

This section describes the approach to compensation for the directors at Bombardier.

With a view to providing market competitive compensation and aligning the interests of directors and shareholders, the CGNC reviews the amount and form of non-executive directors' compensation in light of the responsibilities and time commitment required of directors. The CGNC monitors the competitiveness of Bombardier's Board of Directors compensation against public companies in Canada and the United States that have international operations and are comparable in size and complexity to Bombardier. The CGNC did not recommend any change to the amount or form of compensation for the financial year ended December 31, 2015.

The following table illustrates the elements of compensation to which the directors were entitled during the financial year ended December 31, 2015, with the exception of Messrs. Pierre Beaudoin and Alain Bellemare, who received no compensation for serving as a director of the Corporation.

Type of Fees	(\$)
<b>Board Retainers</b>	
Executive Chairman of the Board of Directors	(1)
Directors (other than the Executive Chairman of the Board of Directors and the President and Chief Executive Officer)	150,000
<b>Additional Retainers (2)</b>	
Lead Director of the Board of Directors	15,000
Audit Committee Chair	20,000
Other Committee Chairman	10,000
Committee Members (other than the Chair/Chairman)	5,000
<b>Travel Fees</b>	
Travel Fees (3)	2,500

(1) The complete details of the remuneration of the Executive Chairman of the Board of Directors are disclosed in Table B.1 of Section 5 of this Circular.

(2) The Executive Chairman of the Board of Directors does not receive any additional retainer.

(3) Every time a director has a travel time of three hours or more from his/her residence in order to attend a meeting of the Board of Directors and/or one of its committees, in person, he or she is entitled to receive travel fees.

No fees are paid for attendance at Board of Directors or committee meetings, subject to the travel fees mentioned in the above table when applicable.

Each director is required to receive the entirety of his or her annual Board retainer in the form of Director Deferred Stock Units ("DDSUs") until the minimum shares and/or DDSUs holding requirement (as further explained on pages 29 and 30 of this Circular) is met (currently, a minimum value of \$400,000 Cdn), and directors must continue to receive at least 50% of their annual Board retainer in the form of DDSUs after the holding requirement is met. Although additional annual retainers and travel fees are not subject to such holding requirement, each Canadian or United States resident director may elect to receive 50% or more of said retainer(s) and/or fees, as applicable, in the form of DDSUs. Directors who are not residents of Canada or the United States must receive their additional annual retainers and travel fees and, once the holding requirement is met, 50% of their annual Board retainer, in cash. Please see "Director Deferred Stock Unit Plan" on page 29 below for further details on DDSUs.

## ALLOCATION OF FEES EARNED DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

The following table shows the allocation of fees earned during the financial year ended December 31, 2015 by the directors of the Corporation entitled to receive them:

Director	Annual Fees				Travel Fees	Total	Allocation of Fees		
	Board Retainer <sup>(1)</sup> (\$)	Lead Director (\$)	Committees (\$)	Total (\$)			Travel Fees <sup>(2)</sup> (\$)	Total Fees Earned (\$)	Total Fees Paid in Cash (\$)
<b>Laurent Beaudoin</b> <sup>(4)</sup>	220,700	—	—	220,700	—	220,700	70,700	150,000	109,888
<b>Joanne Bissonnette</b> <sup>(5)</sup>	150,000	—	—	150,000	—	150,000	56,250	93,750	74,576
<b>J. R. André Bombardier</b>	150,000	—	—	150,000	—	150,000	—	150,000	109,888
<b>Martha Finn Brooks</b> <sup>(2)</sup>	150,000	—	10,000	160,000	12,500	172,500	—	172,500	125,805
<b>L. Denis Desautels</b> <sup>(6)</sup>	150,000	—	15,000	165,000	—	165,000	90,000	75,000	54,943
<b>Jean-Louis Fontaine</b>	150,000	—	—	150,000	—	150,000	—	150,000	109,888
<b>Sheila Fraser</b>	150,000	—	20,000	170,000	—	170,000	—	170,000	124,541
<b>Daniel Johnson</b> <sup>(6)</sup>	150,000	—	15,000	165,000	—	165,000	90,000	75,000	54,943
<b>Jean C. Monty</b>	150,000	15,000	15,000	180,000	—	180,000	—	180,000	131,868
<b>Vikram Pandit</b> <sup>(2)</sup>	150,000	—	10,000	160,000	12,500	172,500	22,500	150,000	109,888
<b>Patrick Pichette</b> <sup>(2)(7)</sup>	150,000	—	12,500	162,500	15,000	177,500	—	177,500	130,569
<b>Carlos E. Represas</b> <sup>(2)(6)</sup>	150,000	—	20,000	170,000	12,500	182,500	107,500	75,000	54,943
<b>Heinrich Weiss</b> <sup>(2)(8)</sup>	75,000	—	2,500	77,500	5,000	82,500	—	82,500	42,276

(1) The full amount of the annual Board retainer was credited in DDSUs to every director, except for (i) Ms. Joanne Bissonnette (see note 5 below); (ii) Mr. L. Denis Desautels; (iii) Mr. Daniel Johnson; and (iv) Mr. Carlos E. Represas (in the case of Messrs. Desautels, Johnson, and Represas, see note 6 below).

(2) This director was entitled to travel fees of \$2,500 for each meeting which he/she attended in person, where applicable.

(3) Included in these numbers are DDSUs that were credited on January 11, 2016 in payment of the applicable portion of the Board retainer and, if applicable, additional retainer and travel fees earned for the quarter ended on December 31, 2015.

(4) In addition to his annual Board retainer, Mr. Laurent Beaudoin, the former Chairman of the Board of Directors, also received an amount of \$70,700 for having served as Chairman of the Board of Directors until February 12, 2015.

(5) Ms. Joanne Bissonnette elected to receive only 50% of her annual Board retainer for the first three quarters of the year ended December 31, 2015 in the form of DDSUs. Starting with the fourth quarter of the year ended December 31, 2015, Ms. Bissonnette elected to revert back to the payment of her full annual Board retainer in the form of DDSUs.

(6) This director elected to receive only 50% of his annual Board retainer in the form of DDSUs.

(7) Mr. Patrick Pichette was appointed as a member of the CGNC immediately following the close of the previous annual meeting of the Corporation held on May 7, 2015.

(8) Mr. Heinrich Weiss retired as director and as member of the CGNC at the close of the previous annual meeting of the Corporation held on May 7, 2015.



## SUMMARY COMPENSATION TABLE

The Summary Compensation Table below shows all of the annual compensation information for each of the directors for the financial year ended December 31, 2015, with the exception of the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin, and the President and Chief Executive Officer, Mr. Alain Bellemare, who did not receive any compensation for acting as a director of the Corporation.

**The remuneration of the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin, and of the President and Chief Executive Officer, Mr. Alain Bellemare, is disclosed in Section 5: “Remuneration of the Executive Officers of Bombardier”.**

Name of Director	Total Fees Earned <sup>(1)</sup> (\$)	Pension Value <sup>(2)</sup> (\$)	All Other Compensation <sup>(3)</sup> (\$)	Total Compensation (\$)
Laurent Beaudoin	220,700	911,900	121,700	1,254,300
Joanne Bissonnette	150,000	—	—	150,000
J. R. André Bombardier	150,000	237,900	59,100	447,000
Martha Finn Brooks	172,500	—	—	172,500
L. Denis Desautels	165,000	—	—	165,000
Jean-Louis Fontaine	150,000	346,900	2,300	499,200
Sheila Fraser	170,000	—	—	170,000
Daniel Johnson	165,000	—	—	165,000
Jean C. Monty	180,000	—	—	180,000
Vikram Pandit	172,500	—	—	172,500
Patrick Pichette <sup>(4)</sup>	177,500	—	—	177,500
Carlos E. Represas	182,500	—	58,800 <sup>(6)</sup>	241,300
Heinrich Weiss <sup>(5)</sup>	82,500	—	—	82,500

(1) Please refer to the table “Allocation of Fees Earned during the Financial Year ended December 31, 2015 on page 27 of this Circular.

(2) Only Messrs. Laurent Beaudoin, J. R. André Bombardier and Jean-Louis Fontaine are entitled to pension payments earned during their former active service as executives of Bombardier. Please refer to the next table “All Other Compensation” of this Circular.

(3) Only Messrs. Laurent Beaudoin, J. R. André Bombardier and Jean-Louis Fontaine are entitled to other compensation due to their former active service as executives of Bombardier. Please refer to the next table “All Other Compensation” of this Circular. With respect to other compensation paid to Mr. Carlos Represas, please see note 6 below.

(4) Mr. Patrick Pichette was appointed as a member of the CGNC immediately following the close of the previous annual meeting of the Corporation held on May 7, 2015.

(5) Mr. Heinrich Weiss retired as director and as member of the CGNC at the close of the previous annual meeting of the Corporation held on May 7, 2015.

(6) Total fees amounting to \$75,000 Cdn (\$58,800, based on an average exchange rate of 0.7838 for the financial year ended December 31, 2015) were paid to Mr. Carlos Represas’ holding company for his services as Chairman of the Mexico Advisory Board of Bombardier and as Chairman Non Executive of Bombardier Latin America.

## ALL OTHER COMPENSATION

The following table describes the elements of other compensation paid to Messrs. Laurent Beaudoin, J. R. André Bombardier and Jean-Louis Fontaine during the financial year ended December 31, 2015. They were entitled to these compensation elements as former executives of Bombardier. Details about pension benefits and perquisites are provided in Section 5: “Remuneration of the Executive Officers of Bombardier” of this Circular.

Director	Pension Benefits <sup>(1)</sup> (\$)	Total of Other Compensation Excluding Pension Benefits <sup>(1)</sup> (\$)
Laurent Beaudoin	911,900	121,700 <sup>(2)</sup>
J. R. André Bombardier	237,900	59,100 <sup>(3)</sup>
Jean-Louis Fontaine	346,900	2,300 <sup>(4)</sup>

- (1) All amounts paid were converted from Canadian dollars to US dollars based on an average exchange rate of 0.7838 during the year ended December 31, 2015.
- (2) Included in this amount is the sum of \$97,300, which represents the aggregate costs to Bombardier for administration of the office of the Chairman Emeritus of the Board of Directors: the calculation of said costs includes rent, executive assistant compensation and office supplies. This amount also includes the estimated costs to Bombardier for premium paid for group insurance.
- (3) Included in this amount is (i) the sum of \$37,900, which represents the aggregate costs to Bombardier for administration of the office of Mr. J. R. André Bombardier: the calculation of said costs includes rent, executive assistant compensation and office supplies, and (ii) the sum of \$19,500, which represents the aggregate costs to Bombardier for the car allowance of Mr. J. R. André Bombardier: the calculation of said costs includes the actual car leasing costs and an estimated maintenance cost taking into consideration the personal use of his car. This amount also includes the estimated costs to Bombardier for premium paid for life insurance.
- (4) Represents the estimated costs to Bombardier for premium paid for life insurance.

## DIRECTOR DEFERRED STOCK UNIT PLAN

To encourage directors (other than directors who are also executive officers) to better align their interests with those of the shareholders by having an investment in the Corporation, the Director Deferred Stock Unit Plan (the “DDSU Plan”) provides that eligible directors are required to receive the entirety of their annual Board retainer in the form of DDSUs, until the minimum shares and/or DDSUs holding requirement (as further explained in the following section) is met. Thereafter, directors must continue to receive at least 50% of their annual Board retainer in the form of DDSUs. In addition, each Canadian or United States resident director may elect to receive 50% or more of their other fees (i.e. additional annual retainers and/or travel fees, as applicable) in the form of DDSUs. Directors who are not residents of Canada or the United States must receive their additional annual retainers and travel fees and, once the holding requirement is met, 50% of their annual Board retainer, in cash.

DDSUs have a value equal to the weighted average trading prices of the Class B subordinate voting shares on the TSX for the five trading days immediately preceding the date of grant. DDSUs are vested on the date of grant and take the form of a bookkeeping entry credited to the eligible director’s account for as long as he/she remains a director. DDSUs will be redeemed for cash upon request after the eligible director ceases to be a director, failing which the DDSUs will automatically be redeemed for cash upon the expiry of a pre-determined period. The value of a DDSU, when redeemed for cash, is equal to the closing price of the Class B subordinate voting shares on the TSX on the last trading day preceding the day of the redemption. DDSUs earn dividend equivalents in the form of additional DDSUs at the same rate as the dividends paid on the Class B subordinate voting shares. The DDSU plan is not dilutive.

## MINIMUM SHARES AND/OR DDSUS HOLDING REQUIREMENT

The Board of Directors believes that it is important that directors demonstrate their commitment to Bombardier’s growth through their respective shares and/or DDSUs holding.

On February 1, 2008, the Board of Directors implemented a minimum shares and/or DDSUs holding requirement, as amended in 2011, pursuant to which each director has to hold shares and/or DDSUs having a minimum value of \$400,000 Cdn (equal to \$313,500 based on an exchange rate of 0.7838 as of December 31, 2015 and to \$345,300 based on an exchange rate of 0.8633 as of December 31, 2014) throughout his/her tenure as a director.

The DDSU Plan provides that until a director meets this minimum shares and/or DDSUs holding requirement (it being understood that future declines in the trading price of shares on the TSX will not impact directors’ prior compliance with the minimum shares and/or DDSUs holding requirement), his/her annual Board retainer will be entirely credited to him/her in the form of DDSUs. Once the required threshold is met, a director must continue to receive at least 50% of his/her annual Board retainer in the form of DDSUs. Once the holding requirement is met, directors who are not residents of Canada or the United States must receive 50% of their annual Board retainer in cash. Please see “Director Deferred Stock Unit Plan”, the preceding section, for further details on DDSUs.

Pursuant to Bombardier's Code of Ethics and Business Conduct (the "Code of Ethics"), directors shall not engage in hedging activities or in any form of transactions of publicly-traded options in Bombardier securities, or any other form of derivatives relating to Bombardier securities, including "puts" and "calls". In addition, directors shall not sell Bombardier securities that they do not own ("short sale").

## DIRECTOR SHARES AND/OR DDSUS/DSUSOS HOLDING TABLE

The following table provides information on the number and value of the Class A shares and/or Class B subordinate voting shares of Bombardier and/or DDSUs/DSUSOs (as hereinafter defined) beneficially owned, or controlled or directed, directly or indirectly, by the current directors of Bombardier, excluding Messrs. Pierre Beaudoin and Alain Bellemare who are Named Executive Officers, as hereinafter defined (in their case, please refer to pages 61 and 62 of this Circular).

Director	Financial Year Ended December 31 <sup>(1)</sup>	Number of Class A Shares	Number of Class B Subordinate Voting Shares	Total Value of Shares <sup>(2)</sup> (\$)	Number of DDSUs/DSUSOs	Total Value of DDSUs/DSUSOs <sup>(2)</sup> (\$)	Total Number of Shares and DDSUs/DSUSOs	Total Value of Shares and DDSUs/DSUSOs <sup>(2)</sup> (\$)	Share Ownership Threshold Met
Laurent Beaudoin	2015	13,302,944 <sup>(3)</sup>	8,695,136 <sup>(4)</sup>	22,666,800	109,888 (DDSUs) <sup>(5)</sup>	106,000 (DDSUs)	22,107,968	22,772,800	yes
	2014	13,302,944 <sup>(3)</sup>	1,625,000 <sup>(4)</sup>	53,252,600	1,683,829 (DSUSOs) <sup>(5)</sup>	6,032,600 (DSUSOs)	16,611,773	59,285,200	yes
	Net change	0	7,070,136	(30,585,800)	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>	
Joanne Bissonnette	2015	—	5,824	5,600	186,246	179,700	192,070	185,300	yes
	2014	—	5,824	20,900	111,670	400,100	117,494	421,000	yes
	Net change	—	0	(15,300)	74,576	(220,400)	74,576	(235,700)	
J. R. André Bombardier	2015	65,401,042	7,335,910	77,261,400	385,327 <sup>(6)</sup>	371,900	73,122,279	77,633,300	yes
	2014	65,401,042	265,774	234,135,000	275,439 <sup>(6)</sup>	986,800	65,942,255	235,121,800	yes
	Net change	0	7,070,136	(156,873,600)	109,888	(614,900)	7,180,024	(157,488,500)	
Martha Finn Brooks	2015	—	30,000	29,000	356,690	344,200	386,690	373,200	yes
	2014	—	30,000	107,500	230,885	827,200	260,885	934,700	yes
	Net change	—	0	(78,500)	125,805	(483,000)	125,805	(561,500)	
L. Denis Desautels	2015	—	10,000	9,700	269,754	260,300	279,754	270,000	yes
	2014	—	10,000	35,800	214,811	769,600	224,811	805,400	yes
	Net change	—	0	(26,100)	54,943	(509,300)	54,943	(535,400)	
Jean-Louis Fontaine	2015	4,097,472	6,465	4,403,200	383,639 <sup>(7)</sup>	370,200	4,487,576	4,773,400	yes
	2014	4,097,472	6,465	14,632,400	273,751 <sup>(7)</sup>	980,800	4,377,688	15,613,200	yes
	Net change	0	0	(10,229,200)	109,888	(610,600)	109,888	(10,839,800)	
Sheila Fraser	2015	—	—	—	241,842	233,400	241,842	233,400	yes
	2014	—	—	—	117,301	420,300	117,301	420,300	yes
	Net change	—	—	—	124,541	(186,900)	124,541	(186,900)	
Daniel Johnson	2015	—	1,200	1,200	248,575	239,900	249,775	241,100	yes
	2014	—	1,200	4,300	193,632	693,700	194,832	698,000	yes
	Net change	—	0	(3,100)	54,943	(453,800)	54,943	(456,900)	
Jean C. Monty	2015	25,000	175,000	195,700	607,583	586,400	807,583	782,100	yes
	2014	25,000	175,000	716,100	475,715	1,704,300	675,715	2,420,400	yes
	Net change	0	0	(520,400)	131,868	(1,117,900)	131,868	(1,638,300)	
Vikram Pandit	2015	—	—	—	143,228	138,200	143,228	138,200	no <sup>(8)</sup>
	2014	—	—	—	33,340	119,400	33,340	119,400	no
	Net change	—	—	—	109,888	18,800	109,888	18,800	
Patrick Pichette	2015	—	6,000	5,800	188,915	182,300	194,915	188,100	no <sup>(7)</sup>
	2014	—	6,000	21,500	58,346	209,000	64,346	230,500	no
	Net change	—	0	(15,700)	130,569	(26,700)	130,569	(42,400)	
Carlos E. Represas	2015	—	—	—	299,994	289,500	299,994	289,500	yes
	2014	—	—	—	245,051	877,900	245,051	877,900	yes
	Net change	—	—	—	54,943	(588,400)	54,943	(588,400)	

(1) The number of the Class A shares, Class B subordinate voting shares, DDSUs or DSUSOs (see note 3 below) beneficially owned, or controlled or directed, directly or indirectly, by each director for the financial years ended December 31, 2015 and December 31, 2014 is determined at December 31, 2015 and as at December 31, 2014, respectively, except for the DDSUs that were credited in payment of the applicable portion of the Board retainer and, if applicable, additional retainer and travel fees earned for the quarters ended on December 31, 2015 and December 31, 2014, respectively, the number of which was determined at January 11, 2016 and January 12, 2015, respectively.

- (2) The total value for the financial year ended December 31, 2015 is calculated on the basis of the December 31, 2015 closing prices of the Class A share and the Class B subordinate voting share of \$1.49 Cdn and \$1.34 Cdn, respectively, converted from Canadian dollars to US dollars based on an exchange rate of 0.7202. The total value for the financial year ended December 31, 2014 is calculated on the basis of the December 31, 2014 closing prices of the Class A share and the Class B subordinate voting share of \$4.13 Cdn and \$4.15 Cdn, respectively, converted from Canadian dollars to US dollars based on an exchange rate of 0.8633. This value also corresponds to the market or payout value of DDSUs/DSUSOs not paid out or distributed.
- (3) Includes 500,000 Class A shares over which Mr. Laurent Beaudoin exercises control jointly with his wife, Ms. Claire Bombardier Beaudoin, through Beaudier Inc., a portfolio holding company of the Beaudoin family which is controlled by Mr. Laurent Beaudoin and Ms. Claire Bombardier Beaudoin, through holding companies which they control.
- (4) Mr. Laurent Beaudoin exercises control over these shares jointly with his wife, Ms. Claire Bombardier Beaudoin, through Beaudier Inc., a portfolio holding company of the Beaudoin family which is controlled by Mr. Laurent Beaudoin and Ms. Claire Bombardier Beaudoin, through holding companies which they control.
- (5) During the financial year ended December 31, 2015, Mr. Laurent Beaudoin received 109,888 DDSUs in payment of the annual Board retainer of US\$150,000 to which he is allowed in his capacity as director. Until he ceased acting as Chairman of the Board of Directors on February 12, 2015, Mr. Laurent Beaudoin held Deferred Stock Units for Senior Officers ("DSUSOs") which he received in prior years as part of his compensation as former executive officer of Bombardier (at prices between \$3.50 Cdn and \$6.61 Cdn per DSUSO) pursuant to the former Deferred Stock Unit Plan for Senior Officers. Thereafter, Mr. Laurent Beaudoin was credited with additional DSUSOs as and when dividends were declared by the Board of Directors, such that he held a total number of 1,683,829 DSUSOs when he ceased acting as Chairman of the Board of Directors, which were redeemed in full and converted to cash on the basis of the closing price of the Class B subordinate voting shares on February 13, 2015 of \$2.58 Cdn. Because he held DDSUs as of December 31, 2015 and DSUSOs as of December 31, 2014, the "Net Change" column would not provide any meaningful or relevant information.
- (6) Mr. Vikram Pandit was elected as director on May 1, 2014; therefore he has not yet reached the threshold.
- (7) Mr. Patrick Pichette was appointed as director on October 30, 2013; therefore he has not yet reached the threshold.
- (8) During the financial year ended January 31, 2011, Mr. J. R. André Bombardier became eligible to receive the various fees to which the directors are entitled; he elected to receive all of his fees in the form of DDSUs. In addition, he received a special grant of 89,197 DDSUs for his past service as a director from the date of his retirement as an executive of Bombardier on March 1, 2006 until January 31, 2010.
- (9) During the financial year ended January 31, 2011, Mr. Jean-Louis Fontaine became eligible to receive the various fees to which the directors are entitled; he elected to receive all of his fees in the form of DDSUs. In addition, he received a special grant of 88,664 DDSUs for his past service as a director from the date of his retirement as an executive of Bombardier on March 1, 2006 until January 31, 2010.

## SECTION 4 : CORPORATE GOVERNANCE

Bombardier believes that strong corporate governance is linked to strong corporate performance resulting in sustained profitability and, therefore, enhances shareholder value.

As more fully described below, Bombardier has corporate governance policies and practices which comply with and, in certain instances, even surpass, the requirements of National *Instrument 52-110-Audit Committees* (“NI 52-110”), which sets out rules regarding the composition and responsibilities of public company audit committees, *National Policy 58-201 Corporate Governance Guidelines* and *National Instrument 58-101-Disclosure of Corporate Governance Practices* (“NI 58-101”), as well as amendments to NI 52-110 to ensure that the definition of “independence” is consistent with each of NI 58-101 and NI 52-110.

In addition, Bombardier continuously seeks to strengthen its corporate governance practices by monitoring the coming into effect of new regulatory requirements and the evolution of best practices so as to be able to adjust its policies and practices accordingly, but always in light of its own specificity.

### GOVERNANCE PRACTICES

#### ETHICAL BUSINESS CONDUCT

- The Code of Ethics addresses ethical conduct in Bombardier’s work environment, business practices and relationships with external stakeholders. The principles set out in the Code of Ethics reflect Bombardier’s belief that honesty and integrity foster a positive work environment that strengthens the confidence of all stakeholders.
- The Code of Ethics applies at all times, without exception, to all the directors and to all of Bombardier’s employees and managers. Bombardier’s suppliers and partners, as well as third parties (such as agents), are also expected to adhere to the Code of Ethics when dealing with or acting on behalf of Bombardier.
- The Code of Ethics explains the standards of behaviour expected from everyone to whom it applies in his/her daily activities and in dealings with others, including how to deal with conflicts of interests. It does not foresee every situation that might arise. Rather, it identifies guiding principles to help one make decisions consistent with Bombardier’s values and reputation.
- The Code of Ethics outlines the key responsibilities of leaders within Bombardier which are to provide a model of high standards of ethical conduct and to create a work environment reflecting both the content and the spirit of the Code of Ethics. Selected members of management are required to take part in a mandatory Code of Ethics compliance certification process. The certification process is designed to provide management with additional assurance on public disclosures and required corporate officer certifications; this process also (i) helps integrate the Code of Ethics into Bombardier’s governance system; (ii) ensures that the Code of Ethics is a top priority within the leadership team; and (iii) promotes integrity as a core value.
- Consistent with its commitment and strategic approach to corporate responsibility, Bombardier has deployed a Supplier Code of Conduct. This Code essentially promotes adherence by suppliers to the 10 principles in the area of human rights, labor standards, environment and anti-corruption of the United Nations Global Compact to which Bombardier is a signatory.
- A Corporate Ethic and Compliance Officer ensures full adherence to applicable laws and regulations and strict compliance with the Code of Ethics.
- The Code of Ethics is translated in 15 languages. In addition to being available on the SEDAR website at [www.sedar.com](http://www.sedar.com), it may also be consulted on the website of Bombardier at [www.bombardier.com](http://www.bombardier.com) in each of the 15 languages.

#### CONFLICT OF INTEREST

In order to allow the directors and executives to exercise independent judgment in considering a particular transaction or agreement in which a director or an executive has a material interest, the following principles apply: (i) the director or the executive is required to inform his/her colleagues of any potential conflict of interest he/she may have in connection with a particular transaction or agreement before it is brought to the attention of his/her colleagues for discussion and/or decision; and (ii) he/she will then be required, depending on the transaction or agreement under consideration, to either leave the meeting while his/her colleagues review the matter at hand or while remaining present during the meeting, refrain from participating in any manner in the discussion involving his/her colleagues or the decision that they make.

## HIRING OF OUTSIDE ADVISORS

With the prior authorization of the CGNC, each director may, when needed, retain the services of outside advisors at the expense of Bombardier. The Audit Committee, the FRMC and the HRCC each have the authority to do so. Between January 1, 2015 and December 31, 2015, no outside advisor was retained by a director.

Ernst & Young are currently the independent auditors of Bombardier and work closely with the Audit Committee. As to the various services on executive compensation matters provided to Bombardier by outside advisors during the 2015 financial year, please refer to the information contained hereafter on page 37 of this Circular.

## ABOUT THE BOARD OF DIRECTORS OF BOMBARDIER

### COMPOSITION

- As of the date of this Circular, the Board of Directors is composed of 14 directors. Detailed information on each of the 13 nominees proposed to be re-elected as directors and on the two nominees proposed to be elected as new directors of the Corporation for the current year is found on pages 7 to 13 and their respective attendance records at Board of Directors and committee meetings is found on page 14 of this Circular. Because Mr. L. Denis Desautels will act as a director up to the Meeting, information concerning him appears in the sections of this Circular that pertain to the directors even though he will retire at the close of the Meeting and will not seek re-election as a director.
- Since February 13, 2015, the Executive Chairman of the Board of Directors is Mr. Pierre Beaudoin.

### DIRECTOR INDEPENDENCE

- The CGNC has determined that 8 of the 14 current directors, and 9 of the 15 nominees proposed for election as directors of the Corporation are independent, thus representing more than a majority of the directors, based on the following analysis:

Director	Management	Independent	Not Independent
<b>Laurent Beaudoin</b>	Chairman Emeritus of the Board of Directors		<ul style="list-style-type: none"> <li>(1) Husband of Ms. Claire Bombardier Beaudoin who, through holding corporations which she controls, holds (with Mr. J. R. André Bombardier, Ms. Janine Bombardier and Ms. Huguette Bombardier Fontaine) a sufficient number of the voting rights attached to all issued and outstanding voting shares of Bombardier to affect materially the control of Bombardier.</li> <li>(2) Father of Mr. Pierre Beaudoin, Executive Chairman of the Board of Directors.</li> <li>(3) Brother-in-law of Mr. J. R. André Bombardier, Vice Chairman of the Board of Directors, Mr. Jean-Louis Fontaine, Vice Chairman of the Board of Directors, and Ms. Janine Bombardier who, through holding corporations which she controls, holds (with Ms. Claire Bombardier Beaudoin, Ms. Huguette Bombardier Fontaine and Mr. J. R. André Bombardier) a sufficient number of the voting rights attached to all issued and outstanding voting shares of Bombardier to affect materially the control of Bombardier.</li> </ul>
<b>Pierre Beaudoin</b>	Executive Chairman of the Board of Directors		<ul style="list-style-type: none"> <li>(1) Son of Mr. Laurent Beaudoin, director and Chairman Emeritus of the Board of Directors, and Ms. Claire Bombardier Beaudoin.</li> <li>(2) Nephew of Ms. Janine Bombardier, of Mr. J. R. André Bombardier, Vice Chairman of the Board of Directors, and of Mr. Jean-Louis Fontaine, Vice Chairman of the Board of Directors.</li> </ul>
<b>Alain Bellemare</b>	President and Chief Executive Officer		Executive Officer of Bombardier
<b>Joanne Bissonnette</b>			<ul style="list-style-type: none"> <li>(1) Daughter of Ms. Janine Bombardier.</li> <li>(2) Niece of Mr. Laurent Beaudoin, director and Chairman Emeritus of the Board of Directors, of Mr. J. R. André Bombardier, Vice Chairman of the Board of Directors, and of Mr. Jean-Louis Fontaine, Vice Chairman of the Board of Directors.</li> <li>(3) Cousin of Mr. Pierre Beaudoin, Executive Chairman of the Board of Directors.</li> </ul>

Director	Management	Independent	Not Independent
<b>J. R. André Bombardier</b>	Vice Chairman of the Board of Directors		(1) Brother-in-law of Mr. Laurent Beaudoin, director and Chairman Emeritus of the Board of Directors and of Mr. Jean-Louis Fontaine, Vice Chairman of the Board of Directors. (2) Brother of Ms. Janine Bombardier. (3) Uncle of Mr. Pierre Beaudoin, Executive Chairman of the Board of Directors. (4) Through holding corporations which he controls, Mr. J. R. André Bombardier holds (with Ms. Claire Bombardier Beaudoin, Ms. Janine Bombardier and Ms. Huguette Bombardier Fontaine) a sufficient number of the voting rights attached to all issued and outstanding voting shares of Bombardier to affect materially the control of Bombardier.
<b>Martha Finn Brooks</b>		✓	
<b>L. Denis Desautels</b>		✓	
<b>Jean-Louis Fontaine</b>	Vice Chairman of the Board of Directors		(1) Brother-in-law of Mr. Laurent Beaudoin, director and Chairman Emeritus of the Board of Directors, of Mr. J. R. André Bombardier, Vice Chairman of the Board of Directors and of Ms. Janine Bombardier. (2) Uncle of Mr. Pierre Beaudoin, Executive Chairman of the Board of Directors. (3) Husband of Ms. Huguette Bombardier Fontaine who, through holding corporations which she controls, holds (with Mr. J. R. André Bombardier, Ms. Claire Bombardier Beaudoin and Ms. Janine Bombardier) a sufficient number of the voting rights attached to all issued and outstanding voting shares of Bombardier to affect materially the control of Bombardier.
<b>Sheila Fraser</b>		✓	
<b>August W. Henningsen</b>		✓	
<b>Daniel Johnson</b>		✓	
<b>Jean C. Monty</b>		✓	
<b>Vikram Pandit</b>		✓	
<b>Patrick Pichette</b>		✓	
<b>Carlos E. Represas</b>		✓	
<b>Beatrice Weder di Mauro</b>		✓	

The directorships of all director nominees are described on pages 8 to 12 of this Circular.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS

- **Mandate of the Board of Directors** The mandate of the Board of Directors is reproduced at Exhibit “A” to this Circular and also on the website of Bombardier at [www.bombardier.com](http://www.bombardier.com).
- **Stewardship of Bombardier** In accordance with the CBCA and as stated in its mandate, the role of the Board of Directors is to supervise the management of the business and affairs of the Corporation with the objective of creating sustained profitability and, therefore, enhancing shareholder value.

It is the role of management to conduct the day-to-day operations of Bombardier in a way that is consistent with the strategic plan, operating plans and budgets approved by the Board of Directors. In this context, the President and Chief Executive Officer of Bombardier, Mr. Alain Bellemare, makes recommendations to the Board of Directors with respect to matters of corporate strategy and policy. The Board of Directors then makes the decisions which it deems appropriate and supervises the execution of such decisions and reviews the results obtained.

The Board of Directors decides all matters coming under its jurisdiction pursuant to the CBCA, Bombardier’s articles of amalgamation and by-laws, any applicable legislation, the policies of Bombardier or the mandate of the Board of Directors and the charter of its four Committees. It also acts in accordance with the Code of Ethics. The Board of Directors may assign to one of its four Committees the prior review of any issues for which the Board of Directors is responsible. The recommendations of a Committee remain, however, subject to the approval of the Board of Directors.

Any responsibility which is not delegated to either corporate management or a Committee of the Board of Directors remains with the Board of Directors. In general, all matters or policies and all actions proposed to be taken which are not in the ordinary course of business require the prior approval of the Board of Directors or of one of its four Committees to which approval authority is delegated.



- **Strategic planning** Every year, the President and Chief Executive Officer together with the President of each business segment, namely Bombardier Transportation, Bombardier Business Aircraft, Bombardier Commercial Aircraft and Bombardier Aerostructures and Engineering Services, and senior executive officers from the Corporate Office present, during special sessions, the strategic orientation, operating plans and budgets of Bombardier for the review and approval of its Board of Directors. As provided for under its mandate, the duties of the Board of Directors include adopting a strategic plan presented by management and updating it, on at least an annual basis, by taking into account, among other things, the opportunities and risks of the business of Bombardier and the emerging trends. The Board of Directors' duties also include monitoring the implementation of the strategic plan by management.

The Board of Directors also adopts each year appropriate operating plans and budgets and reviews them on a quarterly basis.

- **Leadership Development and Management Succession Planning** The Board of Directors oversees succession planning, through the mechanisms put in place by the HRCC, to ensure that Bombardier has a comprehensive succession plan for senior executive leaders and designs pertinent strategies to strengthen the organization's leadership capabilities and overall talent pipeline.

One of Bombardier's competitive foundations is to have great talent globally. It offers all leaders the opportunity to participate in a leadership program that provides an understanding of leadership behaviors, and how these behaviors impact teams and their ability to achieve business results.

The Performance Management Process ("PMP") underpins Bombardier's efforts to ensure that employees are productive, develop their individual competencies and become Bombardier's future leaders and experts. The feedback and performance evaluation that employees receive as part of the PMP become key discussion points for the development of employees.

In 2015, the succession management process was carried out within each business segment, through escalating talent review sessions. These sessions culminated in a detailed and integrated assessment of the leadership status by Bombardier's senior management. In 2016, the succession management process will be reinforced to further support Bombardier's business strategies, strengthen its talent plans and accelerate its successors' development.

- **Risk Management** Pursuant to its charter, the FRMC assists the Board of Directors in fulfilling its oversight responsibilities with respect to:
  - risk management matters;
  - financing activities;
  - retirement plan fund management;
  - environmental matters; and
  - any other matters delegated to the FRMC by the Board of Directors.

More information on the FRMC is provided on page 38 of this Circular.

- **Human Resources** In accordance with its charter, the HRCC assists the Board of Directors in its oversight responsibilities with respect to succession planning for the position of President and Chief Executive Officer of Bombardier and executives reporting to him, including all NEOs (as hereinafter defined), with respect to their appointment, and with respect to the performance assessment of the President and Chief Executive Officer.

More information on the HRCC is provided on pages 36 and 37 of this Circular.

- **Communications policy** The objective of the corporate disclosure policy is to ensure that communications to the investing public about Bombardier are (i) timely, factual and accurate, and (ii) disseminated in a fair and impartial manner in accordance with all applicable legal and regulatory requirements.

Among other matters, the policy outlines how Bombardier should interact with analysts, investors, the media and other people and contains measures intended to ensure compliance with its timely disclosure obligations and avoid making selective disclosure of information. The Audit Committee has the responsibility, under its charter, of monitoring this policy and updating it, when needed.

Each of the Board of Directors and the Audit Committee reviews and, where required, approves all major communications about Bombardier, including annual and quarterly financial statements and related management's discussion and analysis, financing documents and press releases in relation thereto or significant matters or issues affecting the Corporation as a whole prior to their dissemination and/or filing.

In addition, there is also an internal process to respond to questions and concerns raised by shareholders and other stakeholders. All communications from shareholders and other stakeholders are referred to the appropriate executive for response, consideration or action. If and when significant issues are raised, corporate management will in a timely manner advise the Board of Directors of such matters.



Bombardier communicates with its shareholders and other stakeholders, securities analysts and the media regularly on developments in its businesses and results, through its annual report, financial statements, activity report, and, when needed, reports to shareholders, press releases and material change reports.

- **Financial reporting** The Board of Directors has delegated to the Audit Committee the responsibility of monitoring and assessing the quality and integrity of Bombardier's accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems. For this purpose, the Audit Committee reviews various presentations made periodically by the Senior Vice President and Chief Financial Officer, the Senior Director, Corporate Audit Services and Risk Assessment or the independent auditors, Ernst & Young, as the case may be.

More information on the Audit Committee is provided on page 36 of this Circular.

## **COMMITTEES OF THE BOARD OF DIRECTORS**

The Board of Directors of Bombardier has four committees.

The charter of each committee provides a position description for its respective Chair. Essentially, the Chair provides leadership to enhance the effectiveness of the committee. The Chair also sets the agenda, ensures that the conduct of meetings provides adequate time for discussion of relevant issues and ensures that the outcome of meetings is reported to the Board of Directors.

- **Audit Committee** It consists of five directors, all of whom are independent. They are also all financially literate as required by NI 52-110.

Ms. Sheila Fraser is the Chair and Messrs. L. Denis Desautels, Daniel Johnson, Jean C. Monty and Patrick Pichette are the other members. Please refer to page 14 of this Circular for the number of meetings held by the Audit Committee between January 1, 2015 and December 31, 2015 and the attendance records of its members.

Pursuant to its charter (which is available on the website of Bombardier at [www.bombardier.com](http://www.bombardier.com) and as Schedule 1 to the Annual Information Form of the Corporation for the financial year ended December 31, 2015, which has been filed with securities regulators at [www.sedar.com](http://www.sedar.com)), the objectives of the Audit Committee are (i) to help the directors meet their responsibilities with respect to accountability; (ii) to assist in maintaining good communication between the directors and the independent auditors of Bombardier, Ernst & Young; (iii) to assist in maintaining the independence of Ernst & Young; (iv) to maintain the credibility and objectivity of the financial reports of Bombardier; and (v) to investigate and assess any issue that raises significant concerns with the Audit Committee.

The Audit Committee periodically monitors the adequacy and effectiveness of the disclosure controls and systems of internal control of Bombardier through the reports provided by the Senior Vice President and Chief Financial Officer, the Senior Director, Corporate Audit Services and Risk Assessment and Ernst & Young, as the case may be.

As a general rule, all meetings of the Audit Committee are attended by the Executive Chairman of the Board of Directors, the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer and the Senior Director, Corporate Audit Services and Risk Assessment, as well as by the representatives of Ernst & Young, the independent auditors of Bombardier. During such meetings, the Audit Committee also holds private sessions with each of the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Director, Corporate Audit Services and Risk Assessment and the independent auditors to discuss various topics of interest.

- **Human Resources and Compensation Committee** It consists of four directors, all of whom are independent.

Mr. Jean C. Monty is the Chairman of the HRCC and Ms. Martha Finn Brooks and Messrs. Patrick Pichette and Carlos E. Represas are the other members. Please refer to page 14 of this Circular for the number of meetings held by the HRCC between January 1, 2015 and December 31, 2015 and the attendance records of its members.

None of the HRCC members during the financial year ended December 31, 2015 was an active chief executive officer with a publicly-traded entity. The current members each have experience in executive compensation as either (i) a former chief executive officer of a publicly-traded corporation; (ii) a senior executive officer who had executive responsibility for very sizeable businesses; or (iii) a member of a compensation committee of a publicly-traded corporation. Furthermore, all members have experience in human resources having actively supervised human resources departments and assessed performance with respect to human resources and executive compensation policies and practices. The Board of Directors believes that the members of the HRCC collectively have the knowledge, experience and background required to fulfill their mandate.

Pursuant to its charter (which is available on the website of Bombardier at [www.bombardier.com](http://www.bombardier.com)), the HRCC reviews, reports and, where appropriate, submits recommendations to the Board of Directors regarding the succession planning for the position of President and Chief Executive Officer of Bombardier and executives reporting to him, including NEOs. In addition, it ensures that the President and Chief Executive Officer has put in place and is monitoring succession planning systems and policies for senior executive positions. The internal process with respect to leadership development and management succession planning is described on page 35 of this Circular.

The HRCC also reviews and recommends to the Board of Directors the appointment of the President and Chief Executive Officer and those executive officers reporting to him.

The HRCC reviews (i) occupational health and safety matters on a quarterly basis; and (ii) a 12-month consolidated Ethics and Compliance activity report on human resources issues and ensures that monitoring is in place regarding social issues such as employment equity, harassment and discrimination.

The HRCC reviews, assesses and approves a total executive compensation policy that takes into account, among other things, (i) base salary; (ii) short-term incentives; (iii) long-term incentives; and (iv) pension, benefits and perquisites, as well as the risks associated therewith. It reviews the design of equity-based compensation incentive plans and makes appropriate recommendations to the Board of Directors for its approval.

The HRCC also assesses the performance of the President and Chief Executive Officer against his objectives set at the beginning of each financial year and in light of such factors deemed appropriate and in the best interests of Bombardier, and submits its recommendations to the Board of Directors.

The HRCC is also responsible for compensation governance and in that respect, it (i) ensures, via the human resources key performance indicators, that appropriate human resource policies, procedures, practices and systems are in place to attract, motivate and retain the qualified personnel required to meet Bombardier's business objective; (ii) reviews all aspects of the executive stock ownership guidelines, including compliance therewith; (iii) reviews the compensation disclosure analysis in Bombardier's management information circulars; (iv) monitors compensation trends and emerging issues; and (v) selects and manages the HRCC's independent compensation consultants, qualifications and fees.

The Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin, the President and Chief Executive Officer, Mr. Alain Bellemare, and the Senior Vice President, Human Resources and Public Affairs, Mr. John Paul Macdonald, attend the meetings of the HRCC. They do not have the right to vote on any matter before the HRCC. They do not participate in discussions concerning their own compensation and are required to leave the meetings when appropriate.

#### COMPENSATION ADVISORS

The HRCC retained Meridian Compensation Partner ("Meridian") to act as its independent advisor. The executive compensation consulting services provided by Meridian during the financial year ended December 31, 2015 include attendance and presentations at HRCC meetings, conducting a benchmarking review of executive compensation, reviewing and providing advice on compensation related decisions and reporting on compensation trends and practices. The HRCC did not direct Meridian to perform its services in any particular manner. Ultimately, the decisions are taken by the HRCC and may reflect factors and considerations other than information and recommendations provided by Meridian.

During the financial year ended December 31, 2015, Meridian did not provide any other services to Bombardier or to any of its directors or members of management and the HRCC is satisfied with the independence of Meridian.

Furthermore, Willis Towers Watson conducted a benchmarking review on long-term incentives relative to the Canadian market.

The table below summarizes the fees paid to the compensation advisors for services provided during each of the financial years ended on December 31, 2015 and December 31, 2014.

Mandates and Fees	Financial Year Ended December 31, 2015 (\$)	Financial Year Ended December 31, 2014 (\$)	Financial Year Ended December 31, 2015 (\$)	Financial Year Ended December 31, 2014 (\$)	Financial Year Ended December 31, 2015 (\$)	Financial Year Ended December 31, 2014 (\$)
	Meridian		Willis Towers Watson		Aon Hewitt	
<b>Executive Compensation Related Fees</b>	77,000 <sup>(1)</sup>	151,000 <sup>(1)</sup>	125,000	98,800	44,150	N/A
<b>All Other Fees (mainly actuarial valuation for funding and accounting purposes related to pension and benefit plans)</b>	0	0	2,316,400	3,141,600	0	N/A
<b>Total Fees</b>	<b>77,000 <sup>(1)</sup></b>	<b>151,000 <sup>(1)</sup></b>	<b>2,441,400</b>	<b>3,240,400 <sup>(1)</sup></b>	<b>44,150</b>	<b>N/A</b>

(1) Fees were converted from Canadian dollars to US dollars based on an average exchange rate of 0.7838 during the year ended December 31, 2015 and on an average exchange rate of 0.9061 during the year ended December 31, 2014.

- **Corporate Governance and Nominating Committee** It consists of four directors, all of whom are independent.

Mr. Carlos E. Represas is the Chairman of the CGNC and Messrs. Daniel Johnson, Vikram Pandit and Patrick Pichette are the other members. Please refer to page 14 of this Circular for the number of meetings held by the CGNC between January 1, 2015 and December 31, 2015 and the attendance records of its members.

The charter of the CGNC (which is available on the website of Bombardier at [www.bombardier.com](http://www.bombardier.com)) provides that it has the responsibility to monitor the selection criteria for candidates as directors and the credentials of nominees for election or re-election as directors, the composition of the Board of Directors and its committees as well as their performance and the remuneration of the non-executive directors.

The CGNC also oversees the evolution of Bombardier's corporate governance practices and policies, including the Code of Ethics, to ensure that Bombardier continues to comply with high standards of corporate governance.

- **Finance and Risk Management Committee** It consists of five directors, all of whom are independent.

Mr. L. Denis Desautels is the Chairman of the FRMC and Ms. Martha Finn Brooks and Messrs. Daniel Johnson, Vikram Pandit and Carlos E. Represas are the other members. Please refer to page 14 of this Circular for the number of meetings held by the FRMC between January 1, 2015 and December 31, 2015 and the attendance records of its members.

Pursuant to its charter (which is available on the website of Bombardier at [www.bombardier.com](http://www.bombardier.com)), the FRMC reviews (i) Bombardier's material risks of a financial nature and the steps that management takes to monitor, control and manage these risks; and (ii) the adequacy of policies, procedures and controls designed by management to assess and manage these risks. It reviews and monitors, as the case may be, any significant or unusual transactions or projects related to Bombardier's ongoing activities, significant business opportunities, mergers, acquisitions, divestitures, significant asset sales or purchases or equity investments. It goes over various matters or activities related to or involving the financial situation of Bombardier such as, for example, its capital structure, its long-term debt repayment profile, its compliance with covenants under credit facilities, its customer financing activities and programs, its foreign exchange hedging policies, procedures and controls, or its insurance program coverage and related risks.

The FRMC periodically reviews the fulfillment of Bombardier's obligations under its various retirement plans and the investment of the assets of such plans. It also monitors periodically environmental matters.

## **LEAD DIRECTOR**

The Board of Directors has an independent Lead Director, considering that the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin, is not an independent director. The Lead Director, Mr. Jean C. Monty, chairs the meetings of the independent directors of Bombardier as further explained below.

## **MEETINGS OF THE INDEPENDENT DIRECTORS**

A formal structure enables the Board of Directors to function independently of the management of Bombardier.

After each meeting of the Board of Directors, the directors who are not part of corporate management and/or the majority shareholder, namely the Bombardier family, consider whether to meet privately under the chairmanship of Mr. Jean C. Monty, in his capacity of Lead Director. They have, however, no decision-making power. The Lead Director transmits to the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin, and/or the President and Chief Executive Officer, Mr. Alain Bellemare, as the case may be, any comments, questions or suggestions raised during such meetings.

Between January 1, 2015 and December 31, 2015, the independent directors held 4 private meetings after the regular meetings of the Board of Directors.

## **MANDATES OF THE EXECUTIVE CHAIRMAN OF THE BOARD OF DIRECTORS, THE CHAIR OF EACH COMMITTEE AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER**

Maintaining separate positions for the Executive Chairman of the Board of Directors and the President and Chief Executive Officer allows the Board of Directors to be more efficient in overseeing the Corporation's business and holding management accountable for the Corporation's activities. The Board of Directors adopted formal mandates which set out specific responsibilities for each of the Executive Chairman of the Board of Directors, the Chair of each committee and the President and Chief Executive Officer, as follows:

- **Mandate of the Executive Chairman of the Board of Directors and of the Chair of each Committee**

Mr. Pierre Beaudoin is mainly responsible for ensuring that the Board of Directors carries out its responsibilities effectively and clearly. His specific responsibilities include, among other things:

- managing the Board of Directors and setting the agenda in consultation with the President and Chief Executive Officer, Mr. Alain Bellemare;

- providing leadership to enhance Board of Directors effectiveness and ensuring that the Board of Directors works as a cohesive team; and
- working with the CGNC to ensure Board of Directors quality and continuity by:
  - reviewing the performance of the Board of Directors, its committees and individual directors;
  - making sure the skills and competencies of individual directors are incremental to the Board of Directors as a whole; and
  - ensuring that the Board of Directors develops clear position descriptions for the Executive Chairman and the chair of each Board of Directors' committee.

The mandate and responsibilities of the Chair of each committee are set out in the charter of each committee.

#### - **Mandate of the President and Chief Executive Officer**

Mr. Alain Bellemare is responsible for the management and execution of Bombardier's strategic and operating plans. His specific responsibilities include, among other things:

- executing the Board of Directors' resolutions and policies;
- providing long-term strategic orientation in the form of a strategic plan and a business plan;
- managing Bombardier's commercial and internal affairs by:
  - assuming responsibility for capital management and financial management;
  - implementing decisions with respect to acquisitions, divestitures, financings and similar activities, subject to prior approval of the Board of Directors;
  - ensuring that Bombardier has effective disclosure controls and procedures and internal controls in place; and
  - identifying, assessing and managing the risks involved in the course of business; and
- representing Bombardier to external groups.

The corporate objectives which the President and Chief Executive Officer, Mr. Alain Bellemare, is responsible for meeting are determined pursuant to the operating plans and budgets approved each year by the Board of Directors; he is assessed against the achievement of the operating plans and the budgets and he may also be assessed, in part, in relation to specific objectives that have been fixed for him by the Board of Directors upon the recommendation of the HRCC.

At the beginning of each regular meeting of the Board of Directors, a private session is held involving only the President and Chief Executive Officer, Mr. Alain Bellemare, and the directors in order to allow them to review and discuss various topics of interest according to the then prevailing circumstances.

### **RECRUITMENT AND ELECTION OF DIRECTORS**

The CGNC, composed of four independent members, has the responsibility of (i) annually reviewing the credentials of nominees for election or re-election as directors, (ii) monitoring the size and composition of the Board of Directors and its committees to ensure an effective decision-making process and (iii) submitting its recommendations to the Board of Directors. As a result of the most recent assessment of the performance of the Board of Directors by its members, the CGNC and the Board of Directors are of the view that its size and composition as well as the mix of talents, quality and skills are well suited to Bombardier's current circumstances and needs and allow for its efficient functioning as a decision-making body and promote sound governance.

In consultation with the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin, the CGNC determines appropriate selection criteria, including any additional skill sets deemed to be beneficial, when considering Board of Directors candidates, by taking into account Bombardier's current circumstances and needs, whenever new directors have to be recruited.

Taking a strategic approach in connection with the Board of Directors succession process, the members of the CGNC focus their attention on (i) better assessing the skills, functional expertise and experience of the current directors; (ii) determining and anticipating the future needs of the Board of Directors based on the evolution of the business of the Corporation and its external environment; and (iii) identifying the most suitable candidates in order to be in a position to fill an opening on the Board of Directors, given the then prevailing and projected circumstances for the Corporation.

Mr. Pierre Beaudoin, in cooperation with the members of the CGNC, identifies potential candidates as directors. The members of the CGNC examine such candidacies and make appropriate recommendations to the Board of Directors. Prior to agreeing to join the Board of Directors, a candidate is fully informed of the workload and time commitment requirements.

## MAJORITY VOTING POLICY WITH RESPECT TO THE ELECTION OF DIRECTORS

Bombardier has a majority voting policy with respect to the election of its directors. It stipulates that if the votes in favour of the election of a director nominee at a shareholders' meeting represent less than a majority of the votes cast in favour of such election and withheld, the nominee would, as a result, submit his/her resignation promptly after the meeting, for the CGNC's consideration. The CGNC would then make a recommendation to the Board of Directors after reviewing the matter, and the Board of Directors' decision to accept or reject the resignation offer would be disclosed to the public through a press release. The nominee would not participate in any committee or Board of Directors deliberations on the resignation offer. The policy would not however apply in circumstances involving contested director elections.

## DIVERSITY POLICY

In satisfying the Corporation's commitment to selecting the best persons to propose to shareholders as candidates for the Corporation's Board of Directors and designate as members of management of the Corporation, the Board of Directors believes that diversity is important to ensure that the profiles of Board of Directors members and members of management provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

Accordingly, Bombardier has adopted a diversity policy which outlines its approach to achieving and maintaining diversity (including gender diversity) on its Board of Directors and in management positions. This includes requirements for the Board of Directors to establish measurable objectives for achieving diversity on the Board of Directors and in management positions, and for the appropriate Board of Directors committees to monitor the implementation of the policy, assess the effectiveness of the Board of Directors nomination process and the appointment process for management positions at achieving the objectives of the policy and to measure the Corporation's annual and cumulative progress made in achieving the objectives.

The CGNC and HRCC are responsible for monitoring the implementation and effectiveness of the diversity policy. As such, these committees assess on a periodic basis, (i) the mix of diversity, talents, quality and skills on the Board of Directors and in management positions; and (ii) progress made on diversity, including with regard to the achievement of measurable objectives and targets set pursuant to the diversity policy. The CGNC and HRCC then report their findings to the Board of Directors in order to assess what actions may be required for the coming year. For the financial year ended December 31, 2015, the Corporation has made progress with regard to diversity as evidenced by an increase of 0.8% in the number of women in management positions. Progress is also expected to be made with regard to diversity on the Board of Directors as a result of the proposal of Ms. Beatrice Weder di Mauro as a candidate for election as new director. Assuming Ms. Beatrice Weder di Mauro is elected by shareholders at the Meeting, women will comprise 26.7% of all directors, representing an increase of 5.3% when compared to the current Board of Directors composition.

Pursuant to its diversity policy, Bombardier aspires towards (i) a Board of Directors composition in which women comprise at least 30% of all directors by January 1, 2018, and (ii) having at least 25% of management positions held by women by January 1, 2018, as relevant positions become vacant and appropriately-skilled candidates are available, as set out in the following table:

Category	Objective Percentage	Financial Year Ended December 31, 2015		Financial Year Ended December 31, 2014	
		Number	Percentage	Number	Percentage
<b>Number of women in management positions</b>	25%	776/4165	18.6%	834/4710	17.8%
<b>Number of women on the Board of Directors</b>	30%	3/14	21.4%	3/15	20%

In consultation with the Executive Chairman of the Board of Directors, the CGNC, composed entirely of independent directors, develops, reviews and monitors appropriate selection criteria for Board of Directors membership that strive to attain a diversity of competencies, genders, personal qualities, geographical representation, business background, cultural background, experience, overall expertise and financial competency, taking into account Bombardier's circumstances and needs.

In the process of searching for qualified Board of Directors candidates, the CGNC strives for the inclusion of diverse groups, knowledge, and viewpoints. In connection with its efforts to create and maintain a diverse Board of Directors, in identifying and nominating candidates for election or re-election to the Board of Directors, the CGNC:

- will seek to include diverse candidates in any director search. This process will take into account that qualified candidates may be found in a broad array of organizations, including privately held businesses, trade associations, in addition to the traditional candidate pool of corporate directors and officers, and from a variety of cultural and geographic backgrounds;

- periodically reviews Board of Directors recruitment and selection protocols to ensure that diversity remains a component of any director search; and
- in order to support the specific objective of gender diversity, considers the level of representation of women on the Board of Directors.

As a result of the most recent assessment of the performance of the Board of Directors by its members, the CGNC and the Board of Directors are of the view that its size and composition as well as the mix of talents, quality and skills, assuming the election of the two new candidates proposed to be elected as directors at the Meeting, are well suited to Bombardier's current circumstances and needs and allow for its efficient functioning as a decision-making body and promote sound governance.

The HRCC, composed entirely of independent directors, has the mandate to oversee the succession planning for the President and Chief Executive Officer and a number of selected senior executive positions, with the appointment and promotion of other members of management being delegated to management. In compliance with the Corporation's diversity policy, in fulfilling its role, the HRCC and, where applicable, management:

- considers candidates that are qualified based on their experience, education, expertise, personal qualities and general and sector-specific knowledge;
- makes decisions on appointments and promotions on the basis of performance, skill and merit;
- reviews potential candidates from a variety of cultural and geographic backgrounds and perspectives, with the Corporation's diversity objectives in mind including, without limiting the generality of the foregoing, the specific objective of gender diversity; and
- considers the level of representation of women in executive officer positions when making executive officer appointments.

Pursuant to its mandate, the HRCC also ensures that appropriate hiring policies, competency profiles, training policies and compensation structures, including retirement benefits, are in place so that Bombardier can attract, motivate and retain the qualified personnel required to meet its business objectives. All internal and external training opportunities are based on merit and in light of the Corporation's and individual needs. In addition, pursuant to its mandate, the HRCC ensures that monitoring is in place regarding social issues such as employment equity, harassment and discrimination, and reviews a 12-month consolidated Ethics and Compliance activity report on human resources issues.

The Corporation's commitment to diversity is further reflected in the Code of Ethics pursuant to which Bombardier shall offer equal employment opportunities without regard to any distinctions based on age, gender, sexual orientation, disability, race, religion, citizenship, marital status, family situation, country of origin or other factors, in accordance with the laws and regulations of each country where it does business.

#### ***RETIREMENT AGE POLICY / TERM LIMITS FOR DIRECTORS***

The Board of Directors does not limit the time a director can serve. While term limits can help ensure the Board of Directors gains a fresh perspective, imposing such a restriction would deprive the Board of Directors from the contributions of longer serving directors who have developed a deeper knowledge and understanding of Bombardier over time. The Board of Directors does not believe that long tenure impairs a director's ability to act independently of management.

Under the retirement age policy for the directors of the Corporation, any director who turns 72 years of age prior to the next annual shareholders meeting has to submit his/her resignation by the February Board of Directors meeting to the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin, and the members of the CGNC. They then evaluate whether to accept this resignation depending on the needs of the Board of Directors and circumstances of Bombardier at that time. If the resignation is not accepted, each subsequent year, it will again be evaluated. If accepted, however, the resignation will become effective the day before the annual meeting of shareholders.

#### ***COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS***

The CGNC has the responsibility to review periodically the compensation of the directors, in light of both market conditions and practices as well as their risks and responsibilities. It reviews the types of compensation and the amounts paid to directors of publicly traded companies in Canada and the United States that have international operations comparable in size and complexity to Bombardier, and makes appropriate recommendations to the Board of Directors. Any such review covers the directors (excluding however those who are officers of the Corporation) as well as the committee members and Chairs.

The CGNC also reviews periodically director share ownership guidelines.

The compensation received by the directors between January 1, 2015 and December 31, 2015 is disclosed in Section 3: "Remuneration of the Directors of Bombardier" of this Circular.



As explained on pages 36 and 37 of this Circular, the HRCC is responsible for reviewing, assessing and approving a total executive compensation policy and reviewing the design of equity-based plans. The compensation received by the NEOs between January 1, 2015 and December 31, 2015 is disclosed in Section 5 “Remuneration of the Executive Officers of Bombardier” of this Circular.

### **ASSESSMENT OF THE DIRECTORS**

Each year, the members of the CGNC conduct an evaluation of the performance and effectiveness of the Board of Directors and its Committees. Every first and second year, the Senior Vice President, General Counsel and Corporate Secretary interviews each director in order to obtain his/her comments or recommendations about the performance of (a) the Board of Directors or (b) as the case may be, each committee on which he/she sits. In addition, every third year, each director is asked to complete a detailed questionnaire submitted by the Senior Vice President, General Counsel and Corporate Secretary to assess the performance of (a) the Board of Directors and (b) as the case may be, each committee on which he/she sits. A summary of the results of each evaluation is submitted to the review of the CGNC and the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin.

Independent directors also meet periodically with both the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin, and the Chairman of the CGNC, Mr. Carlos E. Represas, to discuss their respective performance and any matter or issue they wish.

The CGNC periodically assesses with the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin, the operation and strategic direction of the Board of Directors and its committees, their respective size, composition and structure, the performance of the directors both as a group as well as individually, the adequacy of information given to the directors, the communication between the Board of Directors and management and the processes related to the Board of Directors and its committees. The CGNC presents its findings and conclusions to the Board of Directors. The directors and members of each committee also receive a summary of the results of their respective evaluations for their review.

The annual assessment of the performance of the Board of Directors and its four committees also provides an opportunity to periodically review, and if deemed appropriate, revise their respective mandates.

### **ORIENTATION AND CONTINUING PROGRAMS**

- **Orientation programs for new directors** Bombardier has an orientation program for new directors, which enables them to participate in an initial information session on the Corporation in the presence of some of its executives to learn about, among other matters, its business, financial situation and strategic planning.

In addition, new directors are furnished with appropriate documentation, including a director’s manual, providing them with information about, among other matters, the corporate governance practices of Bombardier, the structure of the Board of Directors and its committees, its history, its current commercial activities, its corporate organization, the charters of the Board of Directors and its committees setting forth their respective roles and responsibilities, Bombardier’s articles of amalgamation and by-laws, the Code of Ethics and relevant corporate policies.

The meetings in which new directors participate (including the annual sessions for the review of the strategic orientation, operating plans and budgets) as well as discussions with other directors and with Bombardier’s executives also permit new directors to familiarize themselves rapidly with Bombardier’s operations.

- **Continuing education program for directors** Bombardier encourages its directors to pursue continuing education activities which could provide them with information as to the best practices associated with boards and committees and as to emerging trends that may be relevant to their role as directors.

In addition, Bombardier’s corporate management periodically makes presentations to the directors on various topics, trends and issues related to Bombardier’s activities during the meetings of the Board of Directors or its committees, as the case may be, which helps the directors to constantly improve their knowledge about Bombardier and its businesses.

Visits to Bombardier’s various facilities are also arranged, from time to time, for the Board of Directors, and individual visits on request.

## TO OUR SHAREHOLDERS,

The Human Resources and Compensation Committee (“HRCC”) of the Board of Directors is committed to keeping Bombardier shareholders informed of the highlights of the past year as they relate to its approach to executive compensation.

Bombardier experienced major changes in 2015, starting with the appointment of a new President and Chief Executive Officer in February. This was followed by the implementation of a new organizational structure and the appointment of a new leadership team, which is composed of leaders with deep industry knowledge, strong functional expertise and turnaround experience. Bombardier has launched a five-year strategic roadmap, which includes the following objectives:

- de-risking of liquidity, programs and platforms;
- rebuilding earnings and free cash flow; and
- deleveraging the balance sheet.

This strategic roadmap is expected to be realized through the implementation of the transformation plan which is more fully described in Bombardier’s management’s discussion and analysis for the financial year ended December 31, 2015. Launched at the end of 2015, this plan focuses on four priorities that are essential to unleash the full potential of Bombardier:

Drive performance

Improve cash generation

Reduce costs

Strengthen engagement with stakeholders

This transformation plan is intended to drive financial and operational performance and sustain Bombardier’s reputation as a ground-breaking innovator.

As part of this strategic roadmap, Bombardier began a comprehensive de-risking exercise with, as a first step, the in-depth review of its major programs. Bombardier made significant progress towards its goal of strengthening its liquidity position through the completion of a public offering of approximately Cdn \$1.1 billion of subscription receipts, the completion of an issuance of US\$2.25 billion of unsecured senior notes, the completion of a \$1.5 billion convertible share investment by Caisse de Dépôt et Placement du Québec in Bombardier Transportation, and the announcement of an agreement with the Québec government for an investment in the *C Series* subject to applicable closing conditions.

The HRCC is confident that each performance target under the short-term incentive plans is set at an ambitious level in light of Bombardier’s operating plans and business objectives, taking into account prevailing economic conditions. These plans provide payouts to employees based on the achievement of pre-determined performance targets, with higher payouts when targets are exceeded, and forfeiture of the relevant portions of incentive awards when targets are not met. In 2015, the short-term incentive plans for the Aerospace business segments included a non-financial key performance indicator that measured the earned value linked to the development of new programs, including but not limited to the *C Series* aircraft. Relating to the achievement of this performance indicator, the certification of the *C Series* program was one of the main highlights for 2015.

Bombardier strives to link its incentive plans to the creation of long-term value for its shareholders. In 2015, executive officers received 75% of their long-term incentive grants in the form of stock options which will only have value to the extent that Bombardier’s share price increases. The remaining 25% was delivered under a newly developed Restricted Share Unit (“RSU”) Plan, designed to reinforce attraction and retention of key employees, particularly in light of the recently launched transformation plan. RSUs also serve as an incentive for executives to deliver long-term performance and drive shareholder value growth as the ultimate value of awards is tied to the market value of the Class B subordinate voting shares of Bombardier. Building on this approach, 40% to 64% of the Named Executive Officers’ or NEOs’ (as hereinafter defined) targeted total compensation consists of long-term incentives.

The HRCC believes that Bombardier’s current executive compensation policies, plans, and total compensation levels are aligned with Bombardier goals of increasing long-term shareholder value and making meaningful progress in its transformation plan.



**Jean C. Monty**

Chairman  
Human Resources and Compensation Committee

## A. COMPENSATION DISCUSSION AND ANALYSIS

This section describes the approach to compensation for the NEOs at Bombardier. It focuses on Bombardier's compensation policy, the tools used to set compensation, the means by which Bombardier delivers compensation under its various plans and other features that assist in aligning executives' with shareholders' interests.

Bombardier's executive compensation policy is designed to maximize the overall performance of the Corporation through the individual performance of its executives. The overall goals of the compensation policy are to attract, retain and motivate executives in order to increase shareholder value over the long term. Bombardier's executive compensation policy and practices are intended to reward executives based on their individual performance, at a level competitive with similar positions of peer companies. Variable compensation is directly linked to Bombardier's financial results and/or the price of the Class B subordinate voting shares.

The HRCC validates the introduction of new compensation plans, any significant modifications to existing ones and target setting through stress-testing processes. During the financial year ended December 31, 2015, a RSU Plan was adopted to promote executive retention while motivating executives to increase shareholder value. Details are provided in section A.1.5 Long-Term Incentive Plans.

Overall, the HRCC is satisfied that the compensation of executives supports the objectives of the policy.

### A.1.1 Compensation Objectives

The objective of the executive compensation policy of Bombardier is to position total direct compensation packages at the median (50<sup>th</sup> percentile) of the relevant market, based on selected comparator groups.

Each element of compensation (base salary, short-term incentives, long-term incentives, pension, benefits and perquisites) are separately considered in the benchmarking in order to be consistent with general market practices. In addition to external competitiveness, other internal factors such as the scope of the role, the experience and performance of the incumbent within that role, and internal equity among executives are considered in setting compensation.

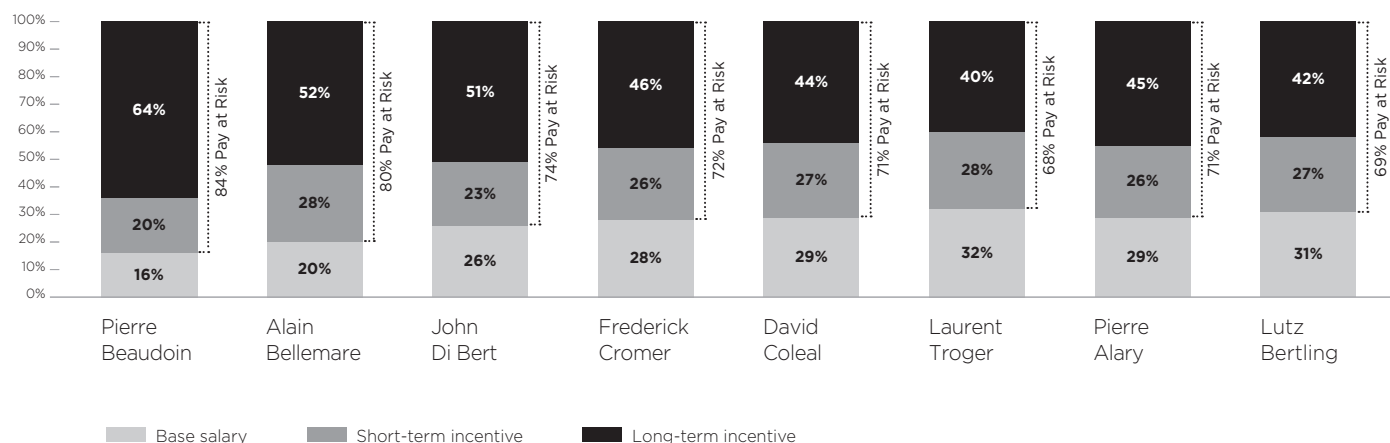
The table below shows the key elements of compensation and their respective form and performance period:

	Base Salary	Short-Term Incentives	Long-Term Incentives		
			RSUs	PSUs / DSUs	Stock Options
<b>Term</b>	One year	One year	Three years	Three years	Seven years
<b>Purpose</b>	Compensation based on responsibilities, performance, skills and potential	Rewards achievement and surpassing of specific financial and non-financial key performance indicators	Rewards for creating shareholder value and promotes retention	Rewards for creating shareholder value and achieving specific performance objectives	Links the interests of executives to those of shareholders by rewarding executives for creating shareholder value
<b>Performance Criteria</b>	-	Financial and non-financial key performance indicators	-	Three-year average: <ul style="list-style-type: none"> <li>- ROE (as defined herein) for grants prior to August 2013</li> <li>- ROIC (as defined herein) for August 2013 and November 2014 grants <sup>(1)</sup></li> </ul>	Have value only if the price of the Class B subordinate voting share is above exercise price
<b>Vesting</b>	-	-	Vesting after three years	Vesting after three years if performance conditions are met	Vesting after three years
<b>Payout</b>	Cash	Cash	RSUs are settled at the end of the three-year period: <ul style="list-style-type: none"> <li>- For share eligible participants, in Class B subordinate voting shares (secondary market) or cash equivalent according to choice made at grant</li> <li>- For non-share eligible participants, in cash</li> </ul>	<ul style="list-style-type: none"> <li>- PSUs settled in Class B subordinate voting shares (secondary market) or cash equivalent at the end of the three-year period according to choice made at grant</li> <li>- DSUs granted before 2010 can be settled in Class B subordinate voting shares (secondary market) or cash equivalent. DSUs granted under the 2010 DSUP can only be settled in Class B subordinate voting shares (treasury or secondary market). DSUs can only be settled upon termination of the executive's employment</li> </ul>	Class B subordinate voting shares acquired at an exercise price determined at grant

<sup>(1)</sup> For the 2014 grants, the performance is based on a weighted average: 20% for 2014, 30% for 2015 and 50% based on the average of 2015 and 2016.

The following graph illustrates the percentage of each component of the total direct compensation package, for (i) the Executive Chairman of the Board of Directors (and former President and Chief Executive Officer) (the “Executive Chairman of the Board of Directors”), Mr. Pierre Beaudoin; (ii) the President and Chief Executive Officer, Mr. Alain Bellemare; (iii) the Senior Vice President and Chief Financial Officer, Mr. John Di Bert; (iv) the three other most highly compensated executive officers of Bombardier, namely the President of Bombardier Commercial Aircraft, Mr. Frederick Cromer, the President of Bombardier Business Aircraft, Mr. David Coleal, the President of Bombardier Transportation, Mr. Laurent Troger; (v) the former Senior Vice President and Chief Financial Officer, Mr. Pierre Alary; and (vi) the former President of Bombardier Transportation, Mr. Lutz Bertling (all of whom are collectively referred to as the “Named Executive Officers” of Bombardier or “NEOs” (or individually “NEO”) in this Circular), in accordance with the above stated executive compensation policy assuming that applicable performance goals have been achieved at target for the financial year ended December 31, 2015. The target weightings of each element emphasize the at-risk compensation of each executive officer to ensure his/her alignment with shareholders’ interests. The relative weighting of each element of direct compensation is aligned with each executive officer’s ability to influence the short-term and long-term performance of Bombardier.

### TARGET WEIGHTING OF COMPENSATION ELEMENTS BASED ON COMPENSATION POLICY



#### A.1.2 Benchmarking of Compensation for Senior Executive Positions

Benchmarking is performed by Aon Hewitt, one of the independent executive compensation consultants retained by the HRCC. They are responsible for gathering comparator information relevant to Bombardier’s senior executive positions. The composition of the comparator group is reviewed and approved by the HRCC to ensure its continued relevance. The HRCC reviews and approves the companies included in the comparator group based on factors such as the company size based on annual revenues, the country of the head office or of a major subsidiary, the type of industry, the type of ownership (public or private), the complexity of their operations, the number of employees or other relevant factors.

Bombardier benchmarks executive compensation in alternate years: the compensation for most of the Corporation’s senior executive North American positions was benchmarked during 2014, while the compensation for most of the Corporation’s senior executive European positions was benchmarked during 2015. Senior executive positions are benchmarked with positions of similar responsibility in their respective markets. According to the executive compensation policy, the comparator group for North American-based positions is composed of US-based companies. For positions in Asia, the United Kingdom and Europe, the comparator group is composed of global companies with a significant presence at the location of the position being benchmarked. The grant value guidelines for RSUs/PSUs/DSUs and stock options are anchored on Canadian market practices for all executives based on Willis Towers Watson’s study (refer to Human Resources and Compensation Committee on pages 36 and 37 of this Circular).

The comparator group used for the senior executive North American positions and for most of the senior executive European positions is provided in the following tables. The compensation data for these companies comes from information contained in Aon Hewitt’s Total Compensation Measurement database and also from available public disclosure documents. The companies selected have executive positions with responsibilities similar to those at Bombardier in terms of scope, global activities and manufacturing context.

**Comparator Group for Messrs. Pierre Beaudoin, Alain Bellemare, John Di Bert, Frederick Cromer, David Coleal and Pierre Alary**

3M Company Alliant Techsystems Inc. The Boeing Company Caterpillar Inc. Cummins Inc. Eaton Corporation	Ford Motor Company General Dynamics Corporation General Electric Company Honeywell International Inc. Illinois Tool Works Inc. ITT Corporation	Johnson Controls, Inc. L-3 Communications Corporation Lockheed Martin Corporation Northrop Grumman Corporation Paccar Inc. Parker Hannifin Corporation	Raytheon Company Rockwell Automation Inc. Rockwell Collins Inc. SPX Corporation Textron Inc. The Timken Company United Technologies Corporation
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**Comparator Group for Messrs. Laurent Troger and Lutz Bertling**

Airbus Alcatel-Lucent Alcoa BASF Bilfinger Berger BMW BorgWarner Continental Daimler Deere & Co	Demag-Cranes Deutsche Telekom Deutz Eaton Corp Elring-Klinger Grammer Heidelberger Druckmaschinen	Henkel KGaA Infineon Kion Group Kuka Leoni Linde AG Man SE Merck Parker Hannifin Opel	Rheinmetall Robert Bosch Salzgitter Schaeffler Schneider Electric Siemens Terex ThyssenKrupp Tognum Volkswagen
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**A.1.3 Base Salary**

In setting the base salary for the NEOs, reference is made to the results of the benchmarking for positions of similar responsibility in the country relevant for the position. The actual base salary paid to each NEO is typically targeted at the market median. Each NEO's base salary is based on the benchmarking results, and is adjusted to take into consideration his responsibilities, current and sustained performance, skills and overall potential to ensure that the base salary reflects his actual contribution. An annual individual salary increase, if granted, is based on the review of the individual performance which includes, without limitation, his contribution, experience, business segment results, leadership, quality of management and competencies.

**A.1.4 Short-Term Incentive Plans**

Eligible management employees of Bombardier participate in short-term incentive plans designed for each of its four business segments, namely, Bombardier Business Aircraft, Bombardier Commercial Aircraft, Bombardier Aerostructures and Engineering Services and Bombardier Transportation, as well as for the Corporate Office. The objective of these plans is to motivate eligible employees to achieve, and even surpass, the key performance indicators approved by the Board of Directors at the beginning of each financial year. Each plan specifies the target and maximum annual bonus as a percentage of base salary. These percentages vary based on the level of the position held. Starting in 2016, management may adjust short-term incentive payouts, based on individual performance, within a set budget based on the Corporation's financial results. For the President and Chief Executive Officer, the HRCC will make a recommendation of the individual performance adjustment for Board of Directors approval. For the President and Chief Executive Officer's direct reports, the President and Chief Executive Officer will make recommendations of the individual performance adjustment for HRCC approval.

The HRCC sets key performance indicators and targets in relation to incentive plans for management employees. The HRCC may adjust such key performance indicators and targets, and the measurement of results to reflect business conditions, circumstances, and events not predicted when setting targets. The exercise of this authority is at the sole discretion of the HRCC. While the HRCC makes a qualitative assessment of certain aspects of the incentive plans (e.g. assessment of non-financial goals), the discretionary assessment of performance does not form part of the design of incentive plans. During the financial year ended December 31, 2015, the HRCC did not make discretionary adjustments to the key performance indicators, targets or results of incentive plans.

At its meeting of January 13, 2015, the HRCC approved the key performance indicators listed in the table below and their respective quantitative targets for the short-term incentive plans for the financial year ended December 31, 2015. Also included in the table is the rationale for the key performance indicators.

Key Performance Indicator	Rationale	Measure Frequency	Corporate Office	Business Segments of Aerospace	Bombardier Transportation
<b>EBIT<sup>(1)</sup></b>	Industry wide measure of in-year operational profitability. Commonly used as a valuation measure for companies in the industry.	Quarterly		✓	✓
<b>FCF<sup>(2)</sup></b>	Measures the cash generated by the business after paying short-term operating costs and making long-term investments. Commonly used as a valuation measure for companies in the industry.	Monthly		✓	✓
<b>Product Development Engineering Aerospace Execution (“PDEA” Execution)</b>	One element that represents the ability to execute plans with respect to development of new aircraft programs through quarterly milestone monitoring. Recognizes the contribution and fosters the engagement of employees.	Quarterly		✓	
<b>Specific Financial and Value Added Projects<sup>(3)</sup></b>	Linked to the success of certain key specific projects that have strategic importance for Bombardier. While usually long-term in nature, key milestones are measured and the advancement and realization of these projects are monitored.	Annually	✓		
<b>Bonus Payable Limited to a Percentage of EBIT</b>			<sup>(4)</sup>	5%	5%

- (1) Earnings before financing expense, financing income and income taxes, before special items, intercompany management, guarantee and stewardship fees.
- (2) Free cash flow, before interest and taxes, intercompany management, guarantee and stewardship fees. For business segments of Aerospace, excluding the accounts receivable and payable intercompany transfers.
- (3) The Executive Chairman of the Board of Directors and the President and Chief Executive Officer were the only NEOs with individual objectives in the short-term incentive plan. These objectives were linked to financial and value added projects for both the Executive Chairman of the Board of Directors and the President and Chief Executive Officer.
- (4) Combination of the consolidated Aerospace business segments and Transportation.

The financial performance indicator targets are set at a challenging level based on Bombardier’s operating and strategic plans for the year as approved by the Board of Directors. The financial performance indicator targets are aligned with the strategic plan and are attainable with significant management effort and provided that the operating plans are substantially complied with and achieved by management. For PDEA Execution, quarterly milestones are determined to ensure the development of new aircraft programs within a specific timeframe. All non-financial performance indicator targets are also set at a challenging level.

If targets are not met, the portion of the short-term incentive award in respect of that target is forfeited. If targets are exceeded at year-end, the payout potential can reach twice the target amount (subject to the achievement of at least the EBIT target for non-financial performance indicators).

In addition, these plans also limit, for the financial year ended December 31, 2015, the total aggregate amounts payable under the short-term incentive plans to 5% of EBIT as stated in the table above. Short-term incentive plan payments are proportionally reduced if the EBIT limit is reached. Finally, no amount is paid under the short-term incentive plans if EBIT for the year is zero, even if the FCF target and/or the other key performance indicators are met. In 2016, this EBIT limit will not apply, in light of the key transformational initiatives to be implemented in 2016.

During the year, a periodic review of the activities of each business segment was made by corporate management in order to monitor their financial and operational performance against the objectives that they had to meet for the year.

The following table provides the key performance indicators of the plans and the respective results of Bombardier Business Aircraft, Bombardier Commercial Aircraft, Bombardier Aerostructures and Engineering Services, Bombardier Transportation, as well as the Corporate Office. Quantitative targets are not provided because they contain commercially sensitive information, the public disclosure of which would seriously prejudice Bombardier’s interests and weaken its ability to maintain and build its market leadership in the highly competitive industries in which Bombardier operates. The disclosure of some quantitative key performance indicator targets and results would provide highly sensitive data to competitors, as well as key strategic information that are not publicly disclosed and that could also potentially be interpreted inappropriately as market guidance. The HRCC assesses the actual results compared with the pre-established targets to determine the quantum of the payout.



Group	Key Performance Indicators	Target Weight	Actual Results (\$)	Realized Weight	Total Realized Weight
<b>Bombardier Business Aircraft</b>	EBIT	35.00%	299.6 million <sup>(1)</sup>	7.94%	19.58%
	FCF	35.00%	(766.0) million <sup>(1)</sup>	2.12%	
	PDEA Execution	30.00%	Not publicly disclosed <sup>(2)</sup>	9.52%	
<b>Bombardier Commercial Aircraft</b>	EBIT	35.00%	(179.3) million <sup>(1)</sup>	11.91%	51.26%
	FCF	35.00%	(831.0) million <sup>(1)</sup>	25.40%	
	PDEA Execution	30.00%	Not publicly disclosed <sup>(2)</sup>	13.95%	
<b>Bombardier Aerostructures and Engineering Services</b>	EBIT	50.00%	102.3 million <sup>(1)</sup>	45.36%	90.73%
	FCF	50.00%	46.0 million <sup>(1)</sup>	45.37%	
<b>Bombardier Transportation</b>	EBIT	37.50%	418.8 million <sup>(1)</sup>	23.44%	75.00%
	FCF	62.50%	349.0 million <sup>(1)</sup>	51.56%	
<b>Corporate Office</b>	Bombardier Business Aircraft objectives	32.00%	Stated above	6.26%	56.15%
	Bombardier Commercial Aircraft objectives	10.00%	Stated above	5.13%	
	Bombardier Aerostructures and Engineering Services objectives	8.00%	Stated above	7.26%	
	Bombardier Transportation objectives	50.00%	Stated above	37.50%	
<b>Executive Chairman of the Board of Directors</b>	Corporate Office	12.67%	Stated above	7.12%	94.44%
	The Board of Directors has defined a specific value-added project: Conclusion of long term partnerships to maximize value	87.33%	Not publicly disclosed <sup>(2)</sup>	87.32%	
<b>President and Chief Executive Officer</b>	Corporate Office	78.57%	Stated above	44.11%	65.54%
	The Board of Directors has defined specific value-added projects with strategic targets: - Optimized year-end cash position and development of a three-year financial plan - Strengthen leadership team - Strategic initiatives (strategic partnerships)	21.43%	Not publicly disclosed <sup>(2)</sup>	21.43%	

(1) As stated in Bombardier's financial statements as at December 31, 2015. The calculation of the short-term incentive plans results excludes corporate expense/cash allocations and special items.

(2) Would provide, if disclosed, highly sensitive data to competitors and could be interpreted inappropriately as market guidance.

The following table provides the minimum, target and maximum bonus payable to the NEOs pursuant to the short-term incentive plans as well as the actual payout earned for the financial year ended December 31, 2015 expressed as a percentage of base salary.

NEO	Minimum	Target	Maximum	Actual Payout	% of Total Compensation
<b>Pierre Beaudoin</b> <sup>(1)</sup>	0%	125%	125%	120.29%	25.66%
<b>Alain Bellemare</b> <sup>(2)</sup>	0%	140%	280%	140.00%	18.83%
<b>John Di Bert</b> <sup>(2)</sup>	0%	90%	180%	90.00%	5.84%
<b>Frederick Cromer</b> <sup>(2)</sup>	0%	90%	180%	90.00%	11.60%
<b>David Coleal</b> <sup>(2)</sup>	0%	90%	180%	90.00%	11.08%
<b>Laurent Troger</b> <sup>(3)</sup>	0%	90%	180%	52.98%	12.45%
<b>Pierre Alary</b>	0%	90%	180%	50.54%	9.24%
<b>Lutz Bertling</b>	0%	90%	180%	67.50%	8.03%

(1) Mr. Pierre Beaudoin's target bonus was 140% of his base salary as former President and Chief Executive Officer until February 12, 2015, and 125% of his base salary as Executive Chairman of the Board of Directors thereafter.

(2) Guaranteed target bonus payout for the financial year ended December 31, 2015 as per respective employment contract.

(3) Mr. Laurent Troger's target bonus was 60% of his base salary as Chief Technology Officer until September 10, 2015, and 90% of his base salary as Chief Operating Officer and President of Bombardier Transportation thereafter.

### A.1.5 Long-Term Incentive Plans

The objectives of the Bombardier RSU, PSU, DSU and stock option plans are to align its executives' interests with shareholder value growth and to retain key talent. Bombardier uses a combination of these plans as long-term incentives.

The HRCC reviews annually the provisions of the long-term incentive plans and, if required, makes appropriate recommendations to the Board of Directors to modify them.

For the financial year ended December 31, 2015, the HRCC decided to provide 75% of the value of long-term incentive grants to the NEOs in the form of stock options and 25% in the form of RSUs to focus executives' efforts on share price improvement and to retain key executives during the execution of the current transformation plan of Bombardier.

The HRCC believes that these incentive plans fulfill the executive compensation policy objectives because:

- they recognize and reward the impact of longer-term strategic actions undertaken by the executives;
- they promote executive retention since the grants vest over a number of years;
- the value of the grants depends on the future value of the Class B subordinate voting shares;
- in the case of DSUs granted prior to June 2010 and in the case of RSUs and PSUs, there is no dilution effect on shareholders since i) the RSUs and PSUs are delivered, upon vesting, in Class B subordinate voting shares purchased on the secondary market and ii) the DSUs granted prior to June 2010 are delivered, upon settlement, in cash or as Class B subordinate voting shares purchased on the secondary market; and
- in the case of RSUs and PSUs, the cost volatility to Bombardier is managed through the pre-purchase of shares on the secondary market by a trustee, as instructed by the Corporation.

The HRCC determines the size of grants to be awarded to the NEOs, and reports to the Board of Directors for approval or information, as applicable. Long-term incentives are granted on an annual basis, based on benchmark data. The value of RSUs/PSUs/DSUs and stock options granted to each participant is based, among other considerations, on a grant guideline that is related to the employee's management level within Bombardier. The value granted to a participant can vary from 0% to 150% of the grant guideline based on the employee's potential to contribute to the future success of Bombardier. For 2015, a special pool was approved by the HRCC to allow the President and Chief Executive Officer to grant awards with values in excess of the grant guidelines in order to attract, ensure retention and recognize the exceptional performance of key contributors and to ensure Bombardier's success during the execution of its current transformation plan. Eligibility to participate in the long-term incentive plans does not confer an automatic right to receive a grant. As a general rule, grants made in previous years are not considered to determine the grant made to a NEO in any subsequent financial year.

For grants made between August 2012 and May 2015, the number of PSUs, DSUs and stock options granted was determined by converting the grant values using a reference price, which is the volume weighted average trading price of the Class B subordinate voting shares on the TSX for the five trading days preceding the grant date. For August 2015 grants, the number of RSUs and stock options granted was determined by converting the grant values with a price of \$2.21 Cdn, as determined by the HRCC (being higher than the reference price on the day of the grant), which was the offering price of the Corporation's public offering of subscription receipts completed in February 2015.

### A.1.5.1 Restricted Share Unit Plan (RSU Plan), Performance Share Unit Plan (PSU Plan), Deferred Share Unit Plan (DSU Plan) and 2010 Deferred Share Unit Plan (2010 DSUP)

The objective of each of the RSU Plan, the PSU Plan, the DSU Plan and the 2010 DSUP is to reward key employees of the Corporation who contribute to the creation of economic value for Bombardier and its shareholders.

RSUs are designed to promote attraction and retention of key employees while motivating employees to increase shareholder value since the ultimate value of the award is tied to the market value of the Class B subordinate voting shares.

For PSUs/DSUs, the HRCC sets target objectives for each grant based on Bombardier's financial goals. These incentive plans are designed to motivate executives to exceed Bombardier's financial targets through the application of thresholds for payouts and increased payouts when targets are exceeded.

Only key employees, as approved by the Board of Directors, the HRCC or senior management, depending on the management level of the employees, may be granted RSUs/PSUs. Only a limited number of these employees, including the NEOs, as approved either by the HRCC or by senior management, as the case may be, depending, in each case, on their respective salary grade level, may elect to receive DSUs instead of PSUs, provided DSUs are offered at the relevant time. This election must be made on the date of the grant and the choice is irrevocable. For executives subject to Stock Ownership Guidelines (please refer to A.1.5.7 "Stock Ownership Guidelines" of Section 5 of this Circular for further details on Stock Ownership Guidelines), DSUs constitute the default selection in countries where DSUs are offered. No DSUs were offered in the financial year ended December 31, 2015.

The main rules of the RSU Plan, PSU Plan, DSU Plan and 2010 DSUP are summarized below:

- a grant of RSUs represents the right to receive:
  - an equal number of Class B subordinate voting shares, or a cash payment equal to the value of the RSUs, for share eligible participants; or
  - a cash payment equal to the value of the RSUs for non-share eligible participants;
- a grant of PSUs or DSUs represents the right to receive an equal number of Class B subordinate voting shares or, in the case of DSUs granted prior to June 2010 and PSUs, a cash payment equal to the value of the PSUs or DSUs, if the pre-determined performance targets are attained;
- refer to A.1.5.2 "RSUs/PSUs/DSUs Settlement" of Section 5 of this Circular for more details on the settlement method and timing of RSUs/PSUs/DSUs;
- the vesting period is determined at the date of the grant, subject to a maximum term of three years from that date;
- the key performance indicator and targets for PSUs and DSUs are usually determined at the date of the grant by the HRCC;
- in the case of PSUs, the number of Class B subordinate voting shares delivered on the vesting date or, in the case of DSUs, upon the participant's termination of employment, death or retirement may be cancelled, reduced or increased depending on the actual results of the three-year average or three-year weighted average of the applicable performance indicator, depending on the date of grant of the awards;

Vesting Percentage <sup>(1)</sup>	Three-Year Average Performance Grants Made from August 2013 through October 2014 ROIC <sup>(2)</sup>	
	Corporate Office / Bombardier Aerospace	Bombardier Transportation
0%	More than 1% below target	More than 2% below target
70%	Target minus 1%	Target minus 2%
100%	Target	Target
150%	More than 2.5% above target	More than 5% above target

(1) Interpolation between 70% and 150%

(2) Return On Invested Capital (ROIC) is calculated considering that "NOPAT" is adjusted net income before interest related to debt and debt equivalents, and that "Invested Capital" is net assets excluding debt and debt equivalents, net retirement benefits liabilities or assets, and net of derivative financial instruments.

Vesting Percentage <sup>(1)</sup>	Three-Year Weighted Average Performance <sup>(2)</sup> Grants Made from November 2014 through July 2015 ROIC <sup>(3)</sup>							
	Corporate Office	Business Aircraft		Commercial Aircraft			Aerostructures and Engineering Services	Bombardier Transportation
	2014, 2015 and 2016	2014	2015 and 2016	2014	2015	2016	2014, 2015 and 2016	2014, 2015 and 2016
<b>0%</b>	More than 1% below target	More than 1% below target	More than 2% below target	More than 1% below target	More than 0.2% below target	More than 0.4% below target	More than 1% below target	More than 2% below target
<b>70%</b>	Target minus 1%	Target minus 1%	Target minus 2%	Target minus 1%	Target minus 0.2%	Target minus 0.4%	Target minus 1%	Target minus 2%
<b>100%</b>	Target	Target	Target	Target	Target	Target	Target	Target
<b>150%</b>	More than 2.5% above target	More than 2.5% above target	More than 5% above target	More than 2.5% above target	More than 0.5% above target	More than 1% above target	More than 2.5% above target	More than 5% above target

(1) Interpolation between 70% and 150%.

(2) The performance calculation is a weighted average: 20% based on the 2014 operating plan, 30% based on the 2015 operating plan and 50% based on the average of the 2015 operating plan and of the 2016 strategic plan.

(3) ROIC is calculated considering that "NOPAT" is adjusted net income before interest related to debt and debt equivalents, and that "Invested Capital" is net assets excluding debt and debt equivalents, net retirement benefits liabilities or assets, and net of derivative financial instruments.

- each of the RSU/PSU Plan confers the right to receive dividend equivalents to be paid, in the case of the PSU Plan, either in the form of additional PSUs or in cash, as determined by the HRCC, and in the case of the RSU Plan, in cash, in each case at the same rate as the cash dividend paid on Class B subordinate voting shares, if any; these dividend equivalents are paid at the end of the three-year vesting period and, in the case of PSUs, in accordance with the applicable performance vesting conditions;
- under the DSU Plan and the 2010 DSUP, dividend equivalents will only be settled in the form of additional DSUs;
- the maximum number of Class B subordinate voting shares which may be issued from treasury under the 2010 DSUP is 24,000,000; and
- refer to Section D "Termination and Change of Control Provisions" of Section 5 of this Circular for the treatment of RSUs, PSUs and DSUs in such cases.

In addition, the terms of the RSU Plan, PSU Plan, DSU Plan and 2010 DSUP provide that the rights of a participant thereunder may not be assigned, encumbered, pledged, transferred or alienated in any way other than by will or pursuant to the laws of succession.

At the end of each financial year, the HRCC approves the results of prior years' performance indicators in order to authorize payouts under grants of PSUs and DSUs reaching the vesting date during the year. Since the three-year average Return on Equity ("ROE") for the PSUs/DSUs granted in 2012-2013 was less than the average ROE minimum threshold of 18%, no PSUs/DSUs vested in the financial year ended December 31, 2015 and they were all forfeited:

PSUs/DSUs Granted in 2012-2013			
Three-Year Average ROE <sup>(1)</sup> Target	Vesting Percentage	Three-Year Average ROE <sup>(1)</sup> Results Achieved	Vesting Percentage Achieved
<b>Below 18%</b>	0%		
<b>18%</b>	70%		
<b>19%</b>	85%		
<b>20%</b>	100%		
<b>21%</b>	110%	13.5%	0%
<b>22%</b>	120%		
<b>23%</b>	130%		
<b>24%</b>	140%		
<b>25%</b>	150%		

<sup>(1)</sup> ROE is calculated considering that "Net income" is before special items and that "Equity" excludes cash flow hedges, AFS (available for sale) financial assets and net actuarial losses under IFRS.

Quantitative targets are not provided because they contain commercially sensitive information, the public disclosure of which would seriously prejudice Bombardier's interests and weaken its ability to maintain and build its market leadership in the highly competitive industries in which Bombardier operates. The disclosure of some quantitative key performance indicator targets and results would provide highly sensitive data to competitors, as well as key strategic information that are not publicly disclosed and that could also potentially be interpreted inappropriately as market guidance. The HRCC assesses the actual results compared with the pre-established targets to determine the quantum of the payout.

The financial performance indicator targets are set at an ambitious level based on Bombardier's operating and strategic plans for the years covered by the vesting period as approved by the Board of Directors and take into account prevailing economic conditions. The financial performance indicator targets are aligned with the strategic plan and are attainable with significant management effort and provided that the operating plans are substantially complied with and achieved by management.

No PSUs or DSUs were granted to the NEOs during the financial year ended December 31, 2015. The grant date fair value of PSUs and DSUs granted to NEOs during the financial years ended December 31, 2014 and 2013, respectively, correspond to the values disclosed under the column "Share-Based Awards" in respect of those financial years in the table B.3 "Summary Compensation Table" of Section 5 of this Circular.

#### A.1.5.2 RSUs/PSUs/DSUs Settlement

Following each grant of RSUs, each share eligible participant has to give irrevocable written instructions to the RSU Plan trustee or administrator, in accordance with the terms and conditions of the RSU Plan, to deliver to him/her either Class B subordinate voting shares or an equivalent value in cash at the end of the vesting period. Non-share eligible participants receive, at the end of the vesting period, a settlement in cash equal to the value of the RSUs. Following each grant of PSUs, each PSU participant has to give irrevocable written instructions to the PSU Plan trustee or administrator, in accordance with the terms and conditions of the PSU Plan, to deliver to him/her either Class B subordinate voting shares or an equivalent value in cash at the end of the vesting period, if the applicable performance conditions are met. For RSUs held by share eligible participants and PSUs, the amount in cash represents the value of the shares sold by such trustee or administrator on behalf of the RSU/PSU participant on the market shortly after the vesting date. Since the decision to receive the shares or the cash, if applicable, is made at the beginning of the vesting period, the decision is independent of any undisclosed material information which the RSU/PSU participant may be aware of at the end of the vesting period.

When a DSU participant's employment terminates for any reason, vested DSUs are settled. Vested DSUs granted before June 2010 under the DSU Plan are settled as Class B subordinate voting shares purchased on the secondary market or, at the discretion of the HRCC, the cash equivalent. Vested DSUs granted on or after June 2010 under the 2010 DSUP are settled as Class B subordinate voting shares issued from treasury or purchased on the secondary

market. Actual settlements of vested DSUs may be postponed by the HRCC until the last calendar day of the year of termination of employment, death or retirement.

### **A.1.5.3 Stock Option Plan**

The objective of the Stock Option Plan of Bombardier is to reward executives with an incentive to enhance shareholder value by providing them with a form of compensation that is tied to increases in the market value of the Class B subordinate voting shares.

The granting of stock options is subject to the following rules:

- the granting of non-assignable options to purchase Class B subordinate voting shares may not exceed, taking into account the aggregate number of Class B subordinate voting shares issuable under any other security based compensation arrangement of the Corporation, 135,782,688; and
- in any given one-year period, any insider or his or her associates may not be issued a number of shares exceeding 5% of all issued and outstanding Class B subordinate voting shares.

The main rules of the Stock Option Plan are as follows:

- a grant of stock options represents the right to purchase an equal number of Class B subordinate voting shares at the determined exercise price;
- the exercise price equals the weighted average trading price of the Class B subordinate voting shares traded on the TSX on the five trading days immediately preceding the day on which an option is granted;
- options have a maximum term of seven years and vest at a rate of 100% at the end of the third anniversary of the date of grant; the three-year vesting period aligns with the vesting schedules of the RSU/PSU/DSU plans;
- if the expiration date of an option falls during, or within ten (10) business days following the expiration of a blackout period, such expiration date shall automatically be extended for a period of ten (10) business days following the end of the blackout period; and
- refer to Section D "Termination and Change of Control Provisions" of Section 5 of this Circular for the treatment of stock options in such cases.

In addition, the Stock Option Plan provides that no option or any right in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession.

In the case of stock options granted in 2008-2009, performance vesting conditions established at the time of grant required that the volume weighted average trading price of the Class B subordinate voting shares reach a target price threshold of \$8.00 Cdn for at least 21 consecutive trading days following the grant date. As such target price threshold was not attained, none of these stock options were exercised and they all expired on August 20, 2015.

### **A.1.5.4 Additional Restrictions and Other Information in respect of the 2010 DSUP and the Stock Option Plan**

Under the terms of the 2010 DSUP and the Stock Option Plan:

- the total number of Class B subordinate voting shares issuable from treasury, together with the Class B subordinate voting shares issuable from treasury under all of the Corporation's other security based compensation arrangements, at any time, may not exceed 10% of the total issued and outstanding Class B subordinate voting shares;
- the total number of Class B subordinate voting shares issuable from treasury to insiders and their associates, together with the Class B subordinate voting shares issuable from treasury to insiders and their associates under all of the Corporation's other security based compensation arrangements, at any time, may not exceed 5% of the total issued and outstanding Class B subordinate voting shares;
- the total number of Class B subordinate voting shares issued from treasury to insiders and their associates, together with the Class B subordinate voting shares issued from treasury to insiders and their associates under all of the Corporation's other security based compensation arrangements, within any given one-year period, may not exceed 10% of the total issued and outstanding Class B subordinate voting shares;
- a single person cannot hold DSUs covering, or options to acquire, as the case may be, more than 5% of the Class B subordinate voting shares issued and outstanding; and
- the total number of stock options issued in the financial year ended December 31, 2015 (being 49,704,570 stock options), as a percentage of the total number of Class A shares and Class B subordinate voting shares that were issued and outstanding as at December 31, 2015, is 2.21%.



As of March 7, 2016, the status is as follows:

	Plan	Issued	Issuable under DSUs Granted OR Stock Options Granted but Unexercised	Issuable for Future DSU OR Stock Option Grants <sup>(2)</sup>
<b>Total number of Class B subordinate voting shares</b>	Stock Option Plan	43,267,681 <sup>(1)</sup>	74,801,926	11,686,697
	2010 DSUP	487,289	5,539,095	11,686,697
<b>% of total number of Class A shares and Class B subordinate voting shares issued and outstanding</b>	Stock Option Plan	1.93%	3.33%	0.52%
	2010 DSUP	0.02%	0.25%	0.80%

<sup>(1)</sup> Including a number of 403,000 shares which were issued pursuant to the exercise of stock options granted under the Stock Option Plan for the benefit of the non-executive directors of Bombardier, which was abolished effective October 1, 2003.

<sup>(2)</sup> The aggregate number of Class B subordinate voting shares issuable under the Stock Option Plan and the 2010 DSUP may not exceed, taking into account the aggregate number of Class B subordinate voting shares issuable under any other security based compensation arrangement of the Corporation, 135,782,688.

#### A.1.5.5 Right to Amend the 2010 DSUP or the Stock Option Plan

The Board of Directors may, subject to receiving the required regulatory and stock exchange approvals, amend, suspend or terminate the 2010 DSUP and any DSUs granted thereunder or the Stock Option Plan and any outstanding stock option, as the case may be, without obtaining the prior approval of the shareholders of the Corporation; however, no such amendment or termination shall affect the terms and conditions applicable to unexercised stock options previously granted without the consent of the relevant optionees, unless the rights of such optionees shall have been terminated or exercised at the time of the amendment or termination.

Subject to but without limiting the generality of the foregoing, the Board of Directors may:

- wind up, suspend or terminate the 2010 DSUP or the Stock Option Plan;
- terminate an award granted under the 2010 DSUP or the Stock Option Plan;
- modify the eligibility for, and limitations on, participation in the 2010 DSUP or the Stock Option Plan;
- modify periods during which the options may be exercised under the Stock Option Plan;
- modify the terms on which the awards may be granted, terminated, cancelled and adjusted and, in the case of stock options only, exercised;
- amend the provisions of the 2010 DSUP or the Stock Option Plan to comply with applicable laws, the requirements of regulatory authorities or applicable stock exchanges;
- amend the provisions of the 2010 DSUP or the Stock Option Plan to modify the maximum number of Class B subordinate voting shares which may be offered for subscription and purchase under the 2010 DSUP or the Stock Option Plan following the declaration of a stock dividend, subdivision, consolidation, reclassification, or any other change with respect to the Class B subordinate voting shares;
- amend the 2010 DSUP or the Stock Option Plan or an award thereunder to correct or rectify an ambiguity, a deficient or inapplicable provision, an error or an omission; and
- amend a provision of the 2010 DSUP or the Stock Option Plan relating to the administration or technical aspects of the plan.

However, notwithstanding the foregoing, the following amendments must be approved by the shareholders of the Corporation:

- in the case of the Stock Option Plan or outstanding options :
  - an amendment allowing the issuance of Class B subordinate voting shares to an optionee without the payment of a cash consideration, unless provision has been made for a full deduction of the underlying Class B subordinate voting shares from the number of Class B subordinate voting shares reserved for issuance under the Stock Option Plan;
  - a reduction in the purchase price for the Class B subordinate voting shares in respect of any option or an extension of the expiration date of any option beyond the exercise periods provided by the Stock Option Plan;
  - the inclusion, on a discretionary basis, of non-employee directors of the Corporation as participants in the Stock Option Plan;

- an amendment allowing an optionee to transfer options other than by will or pursuant to the laws of succession;
  - the cancellation of options for the purpose of issuing new options;
  - the grant of financial assistance for the exercise of options;
  - an increase in the number of Class B subordinate voting shares reserved for issuance under the Stock Option Plan; and
  - any amendment to the method for determining the purchase price for the Class B subordinate voting shares, in respect of any option.
- in the case of the 2010 DSUP or DSUs granted thereunder :
    - an amendment allowing a participant to transfer DSUs, other than by will or pursuant to the laws of succession; and
    - an increase in the number of treasury Class B subordinate voting shares reserved for issuance under the 2010 DSUP.

As mentioned under the heading “Amendments to the Stock Option Plan of Bombardier” in Section 2: “Business of the Meeting”, the Board of Directors approved on February 16, 2016 the First Stock Option Plan Amendment and the Second Stock Option Plan Amendment, subject in each case to receipt of requisite regulatory and shareholder approval in the manner described under the heading “Amendments to the Stock Option Plan of Bombardier” in Section 2: “Business of the Meeting”.

The Board of Directors also approved, on February 16, 2016, adjustments necessary as a result of the Second Stock Option Plan Amendment to the limitation on the number of Class B subordinate voting shares issuable, in the aggregate, pursuant to the Stock Option Plan and any other security-based compensation arrangement of the Corporation to insiders, at any time, in order to ensure that such limitation remains unaffected by the adoption of the Second Stock Option Plan Amendment. Such adjustments are not subject to shareholder approval.

The Board of Directors also approved, on February 16, 2016, amendments to the Stock Option Plan of a “housekeeping” or clerical nature, which amendments have also been approved by the TSX, but are not subject to shareholder approval, in order to delete inapplicable provisions of the plan, including all references in the Stock Option Plan to the Corporation’s former “Directors’ Plan” (being the stock option plan for the benefit of the directors of the Corporation which was abolished effective October 1, 2003) and to stock options granted before June 1, 2009 (none of which are still outstanding), as well as any and all related provisions. Apart from the “housekeeping” or clerical amendments adopted by the Board of Directors, other amendments were made to the Stock Option Plan by the Board of Directors on February 16, 2016 and have been approved by the TSX, but are not subject to shareholder approval. These amendments include (i) an amendment to modify the eligibility for participation in the Stock Option Plan to include, in addition to officers, senior employees and key employees in full employment by the Corporation or one of its subsidiaries, officers, senior employees and key employees in full employment by any other company, partnership or other legal entity designated by the HRCC from time to time (with necessary adaptations made as a consequence of such amendment to the terms on which the options may be granted, exercised, terminated, cancelled and adjusted), and (ii) an amendment to subsection 7.1.2(i) of the Stock Option Plan to clarify that if an optionee retires between age 55 and 60 after at least 5 years of continuous service with the Corporation or its subsidiaries or any other company, partnership or other legal entity designated by the HRCC from time to time, the options held by such optionee, or part thereof, shall become exercisable or expire, as the case may be, in the events and manner described in subsection 7.1.2(i), regardless of whether such optionee was a participant under an approved retirement plan.

As mentioned under the heading “Amendments to the 2010 Deferred Share Unit Plan of Bombardier” in Section 2: “Business of the Meeting”, as a necessary consequence of the Second Stock Option Plan Amendment, the Board of Directors also approved the 2010 DSUP Amendment, subject to receipt of requisite regulatory and shareholder approval in the manner described under the heading “Amendments to the 2010 Deferred Share Unit Plan of Bombardier” in Section 2: “Business of the Meeting”.

The Board of Directors also approved, on February 16, 2016, adjustments necessary as a result of the 2010 DSUP Amendment to the limitation on the number of Class B subordinate voting shares issuable, in the aggregate, pursuant to the 2010 DSUP and any other security-based compensation arrangement of the Corporation to insiders, at any time, in order to ensure that such limitation remains unaffected by the adoption of the 2010 DSUP Amendment. Such adjustments are not subject to shareholder approval.

Another amendment was made to the 2010 DSUP by the Board of Directors on February 16, 2016 and has been approved by the TSX, but is not subject to shareholder approval. Specifically, the Board of Directors approved an amendment to modify the eligibility for participation in the 2010 DSUP to include, in addition to senior officers of the Corporation or its subsidiaries, senior officers of any other company, partnership or other legal entity designated by the HRCC from time to time (with necessary adaptations made as a consequence of such amendment to the terms on which the DSUs may be granted, terminated, cancelled and adjusted).

### A.1.5.6 Restrictions Regarding Trading of Bombardier Securities and Hedging Prohibition

The Code of Ethics provides the following restrictions on the trading of any Bombardier securities:

- employees shall not engage in hedging activities or in any form of transactions of publicly-traded options in Bombardier securities, or any other form of derivatives relating to Bombardier securities, including “puts” and “calls”;
- employees shall not sell Bombardier securities that they do not own (“short sale”); and
- employees shall only trade in Bombardier shares within predetermined trading periods which start on the fifth working day following the publication of Bombardier’s quarterly or annual financial statements and end 25 calendar days later; these trading periods are internally published and communicated to all employees who shall not trade in Bombardier shares if they have knowledge of undisclosed material information.

The Stock Option Plan also provides that optionees may not enter into any monetization transaction or other hedging procedures.

### A.1.5.7 Stock Ownership Guidelines

Bombardier has adopted Stock Ownership Guidelines (“SOG”) for executives in order to link their interests with those of the shareholders, which guidelines are reviewed by the HRCC whenever necessary. The SOG requirements apply to the following group of executives:

- the Executive Chairman of the Board of Directors;
- the President and Chief Executive Officer;
- the Presidents of business segments;
- the Vice President, Product Development and Chief Engineer, Aerospace; and
- the executives over determined salary grades reporting directly to the President and Chief Executive Officer, the Presidents of the business segments and the Vice President, Product Development and Chief Engineer, Aerospace, as the case may be, and who are members of their leadership teams.

Each of these executives is required to build and hold a portfolio of Class A shares or Class B subordinate voting shares with a value equal to at least the applicable multiple of his/her base salary as described in the following table:

Position Held	Multiple of Annual Base Salary
<b>Executive Chairman of the Board of Directors and President and Chief Executive Officer</b>	5 x
<b>Presidents of business segments</b>	3 x
<b>Other executives</b>	3 x or 2 x depending on salary grade

The value of the portfolio is determined based on the greater of the value at the time of acquisition or the market value of the Bombardier shares held on December 31<sup>st</sup> of each calendar year. For the purpose of assessing the level of ownership, Bombardier includes the value of shares owned plus vested DSUs and granted RSUs net of estimated taxes. The HRCC monitors, each year, the progress in value of the share portfolios.

Since Bombardier shares are traded only in Canadian dollars, the actual base salary is used at par for executives paid in Canadian or US dollars. For executives paid in other currencies, the base salary at the mid-point of the Canadian salary scale for their equivalent position in Canada is used as the basis to determine their stock ownership target.

There is no prescribed period to reach the stock ownership target. However, executives are not allowed to sell shares acquired through the settlement of RSUs/PSUs or exercise of stock options granted on or after June 2009 or after they become subject to the SOG until they have reached their individual target, except in order to cover the cost of acquiring the shares and the applicable taxes.

The following table presents the SOG targets of the NEOs as a multiple of base salary and the actual multiple of base salary represented by the aggregate value of shares and granted RSUs net of estimated taxes and vested DSUs held by the NEOs that were still active employees of Bombardier\* as of December 31, 2015:

NEO	Target Multiple of Base Salary	Actual Multiple of Base Salary as of December 31, 2015
<b>Pierre Beaudoin</b>	5 x	7.52 (target attained)
<b>Alain Bellemare</b>	5 x	1.34
<b>John Di Bert</b>	3 x	0.60
<b>Frederick Cromer</b>	3 x	0.24
<b>David Coleal</b>	3 x	0.23
<b>Laurent Troger</b>	3 x	0.95

\* Mr. Pierre Alary, former Senior Vice President and Chief Financial Officer, retired from the Corporation on November 1<sup>st</sup>, 2015 and Mr. Lutz Bertling, former President of Bombardier Transportation left the Corporation on December 9, 2015.

### A.1.5.8 Clawback Policy

Pursuant to its Clawback Policy, Bombardier can recover overpayments of incentive compensation in the event of fraud, dishonesty or misconduct that contributes to a non-compliance which results in Bombardier's obligation to prepare an accounting restatement. Such an accounting restatement permits Bombardier, subject to the Board of Directors' discretion, to recoup incentive grants that have been paid or vested and to cancel unvested long-term incentive grants in excess of the amount that would have been received under the circumstances reflected by the accounting restatement. The policy applies to the Executive Chairman of the Board of Directors, the President and Chief Executive Officer, the Senior Vice Presidents and Vice Presidents at Corporate Office, the President and Vice Presidents of business segments or region of the Corporation, all over a determined salary grade and any member, regardless of their grade, of the leadership teams of the President and Chief Executive Officer, the President of a business segment and the Vice President, Product Development and Chief Engineer, Aerospace. Bombardier has never yet encountered a situation where a compensation recoupment or adjustment has been required in the circumstances described above.

In addition, refer to Section D "Termination and Change of Control Provisions" of Section 5 of this Circular for the treatment of stock options, RSUs, PSUs and DSUs in the event of a dismissal for cause.

### A.1.6 Share Purchase Plan

All Bombardier employees are allowed to participate in the Bombardier Share Purchase Plan to the extent that it is offered in their country of employment. Employees may, each year, contribute up to the lesser of 20% of their base salary or \$30,000 Cdn, with Bombardier contributing an additional amount of 20% of such employee's actual contribution. Employees' and Bombardier's contributions are used to purchase Class B subordinate voting shares on the secondary market.

### A.1.7 Pension Plans, Benefits and Perquisites

The objective of Bombardier is to provide pension, benefits and perquisites at the median of the market. Benefit plans for executives are, as a general rule, similar to those of non-unionized employees, except however that higher limits would apply to life insurance, long-term disability, medical services and dental care coverage.

Bombardier offers a limited number of perquisites such as car lease, complete medical check-up and financial counselling.

- The amount allocated for the leasing of a company provided car depends on the level of responsibility of executives; executives are allowed to exceed such amount but are required to pay the excess through payroll deductions. Bombardier reimburses reasonable expenses for the use and maintenance of the car.
- All executives are entitled to have a complete annual medical check-up.
- Bombardier assumes the annual fees incurred by selected executives for financial counselling up to a maximum amount of \$3,000 Cdn.
- As a general rule, Bombardier does not reimburse any fitness club, sport club or business club membership fees.

The Executive Chairman of the Board of Directors and the President and Chief Executive Officer are allowed to use the Bombardier corporate aircraft for personal reasons. Bombardier does not generally assume all of the costs of

corporate aircraft incurred for personal use since all or part of these costs must be reimbursed to Bombardier, in an amount equal to the fair market value of a first class commercial airlines ticket for the destination of the personal trip for each person travelling aboard the corporate aircraft. The difference, if any, between the incremental operating costs to Bombardier and the costs reimbursed is included in the amounts required to be disclosed as perquisites, if applicable, under the column “All Other Compensation”, in table B.3 “Summary Compensation Table” of Section 5 of this Circular.

More details about the executive pension plans are provided in Section C. “Pension Plans” of Section 5 of this Circular.

### A.1.8 Supplemental Information

Since Bombardier has a policy of not granting loans to any of its employees, there is no such loan outstanding for the financial year ended December 31, 2015.

### A.1.9 Compensation Risks

- Bombardier has processes in place with respect to the approval of projects or mandates based on different thresholds of investment and size of the new business and related risk. The approval is granted by either the business segment, the Corporate Office or the Board of Directors.
- The HRCC reviews and assesses compensation and incentive plan risks to ensure that the Corporation’s compensation plans encourage appropriate business risk and incentives without encouraging risk-taking behaviors which may have a material adverse effect on the Corporation.
- The HRCC is therefore fully aware of the risks that could affect the Corporation’s performance.
- The HRCC has not identified any risks associated with Bombardier’s executive compensation plans that are reasonably likely to have a material adverse effect on Bombardier.
- The structure of the Board of Directors Committees facilitates assessment of risk associated with compensation policies and practices:
  - as per Bombardier’s governance practices, overall risk management matters are considered and discussed at Board of Directors meetings, thereby providing additional important information to the members of the HRCC;
  - Mr. Jean C. Monty, the Chairman of the HRCC, is also a member of the Audit Committee and Ms. Martha Finn Brooks and Mr. Carlos E. Represas are both members of each of the FRMC and the HRCC, while Mr. Patrick Pichette is a member of each of the HRCC and the Audit Committee; and
  - these membership overlaps provide additional insight into the Corporation’s business risks and allow the HRCC to access the necessary information to consider the impact of business risks on compensation policies and practices.

The following table summarizes compensation elements or plans and relevant risk mitigation factors.

Compensation Element or Plan	Risk Mitigation Factor
<b>Base Salary</b>	- Base salaries are fixed in amount to provide steady income regardless of share price and therefore do not encourage risk-taking
<b>Short-Term Incentive Plans</b>	<ul style="list-style-type: none"> <li>- The ability for short-term decisions to drive excessive compensation is limited because:               <ul style="list-style-type: none"> <li>- the payout potential on each key performance indicator is capped at twice the target amount</li> <li>- for awards in respect of financial years ended on or prior to December 31, 2015, the total bonus amount is limited to predetermined percentages of EBIT for the Aerospace business segments and Bombardier Transportation to protect shareholders’ interests, and bonus payments are proportionally reduced if these EBIT limits are reached</li> <li>- the payout potential is based on a variety of key performance indicators, thus diversifying the risk associated with any single performance indicator to the detriment of others</li> </ul> </li> <li>- Same objectives for all management employees at all levels within each business segment as well as for the Corporate Office in order to create alignment and encourage decision-making that is in the best interests of Bombardier as a whole               <ul style="list-style-type: none"> <li>- only a limited number of executives have individual objectives to minimize risk-taking behavior</li> <li>- 100% of Corporate Office performance indicators are based on business segments</li> </ul> </li> <li>- Objectives are mainly based on financial performance indicators relating to operating plans. If the result for a specific objective is lower than the target, the related bonus is not paid</li> <li>- Non-financial objectives are challenging but achievable without encouraging inappropriate or excessive risk taking</li> </ul>

Compensation Element or Plan	Risk Mitigation Factor
<b>Restricted Share Unit Plan</b>	<ul style="list-style-type: none"> <li>- The three-year vesting period helps ensure Bombardier's performance aligns with shareholders' interests</li> <li>- This incentive is based on a three-year share price performance: the ultimate value of the award is tied to the market value of the Class B subordinate voting shares, which encourages behaviors focused on long-term goals, while discouraging behaviors focused on short-term risks</li> </ul>
<b>Performance Share Unit Plan and Deferred Share Unit Plan</b>	<ul style="list-style-type: none"> <li>- The three-year vesting period helps ensure Bombardier's performance aligns with shareholders' interests</li> <li>- Performance objectives, based on target ROE or ROIC as per strategic plan, are determined at the grant date by the HRCC</li> <li>- If the ROE or ROIC result is lower than the threshold, the vesting percentage is 0%</li> <li>- If the ROE or ROIC target is exceeded, the vesting percentage is capped at 150%</li> <li>- This incentive is also based on a three-year share price performance: the ultimate value of the award is tied to the market value of the Class B subordinate voting shares, which encourages behaviors focused on long-term goals, while discouraging behaviors focused on short-term risks</li> <li>- Annual grants with overlapping performance periods ensure that results in a single year impact currently maturing grants as well as outstanding grants maturing in subsequent years, further encouraging continuous long-term performance improvement</li> </ul>
<b>Stock Option Plan</b>	<ul style="list-style-type: none"> <li>- Stock options represent an incentive to enhance shareholder value by providing executives with compensation which is only valuable if Bombardier's share price increases over time</li> <li>- Three-year vesting period and seven-year term help ensure long-term performance aligns with shareholders' interests</li> </ul>
<b>Pay Mix</b>	<ul style="list-style-type: none"> <li>- Bombardier offers short- and long-term incentive plans certain of which are based on different performance indicators, allowing risks to be spread over a broader time horizon</li> <li>- The HRCC believes that the variable compensation elements (short-term incentive plan and long-term incentive plans) represent a percentage of overall compensation that is sufficient to motivate executives to produce superior corporate results, while the fixed compensation element (base salary) is also sufficient to discourage executives from taking inappropriate or excessive risks</li> <li>- A portfolio approach to incentive compensation spreads the risk of various performance indicators, time horizons and extraneous factors influencing the compensation results, encouraging a more holistic view of business performance and compensation results</li> </ul>
<b>Stock Ownership Guidelines</b>	<ul style="list-style-type: none"> <li>- Selected executives are required to accumulate a significant level of Bombardier share ownership</li> <li>- SOG link interests of executives with those of the shareholders</li> </ul>
<b>Clawback Policy</b>	<ul style="list-style-type: none"> <li>- Recovery of overpayments of incentive compensation in the event of fraud, dishonesty or misconduct that contributes to non-compliance which results in the obligation to prepare an accounting restatement</li> <li>- The clawback policy contributes to the alignment of Bombardier's best interests with those of the shareholders</li> </ul>
<b>No Hedging on Speculative Activities</b>	<ul style="list-style-type: none"> <li>- As per the Code of Ethics, employees shall not engage in hedging activities or in any form of transactions of publicly-traded options in Bombardier securities, or any other form of derivatives relating to Bombardier securities, including "puts" and "calls" and employees shall not sell securities that they do not own ("short-sale"). The Stock Option Plan also provides that optionees may not enter into any monetization transaction or other hedging procedures</li> </ul>
<b>Share Purchase Plan</b>	<ul style="list-style-type: none"> <li>- The same plan applies to all Bombardier employees to the extent that it is offered in their country of employment</li> </ul>
<b>Perquisites</b>	<ul style="list-style-type: none"> <li>- A limited number of perquisites such as car lease, complete medical check-up and financial counselling is offered based on local market practices. These perquisites are not affected by business decisions nor risk taking measures</li> </ul>
<b>Pension and Benefits</b>	<ul style="list-style-type: none"> <li>- No link with compensation risk since pension and benefits are based on local market practices</li> </ul>
<b>No Change of Control Agreements</b>	<ul style="list-style-type: none"> <li>- Bombardier has no change of control agreement with any of its NEOs that would result in guaranteed payouts in such an event</li> </ul>
<b>Discretion of the HRCC</b>	<ul style="list-style-type: none"> <li>- The HRCC has the authority to set performance indicators and targets in relation to incentive plans, and to adjust such indicators and targets, and the measurement of results to reflect business conditions, circumstances, and events not predicted when setting targets. The exercise of this authority is at the sole discretion of the HRCC</li> </ul>



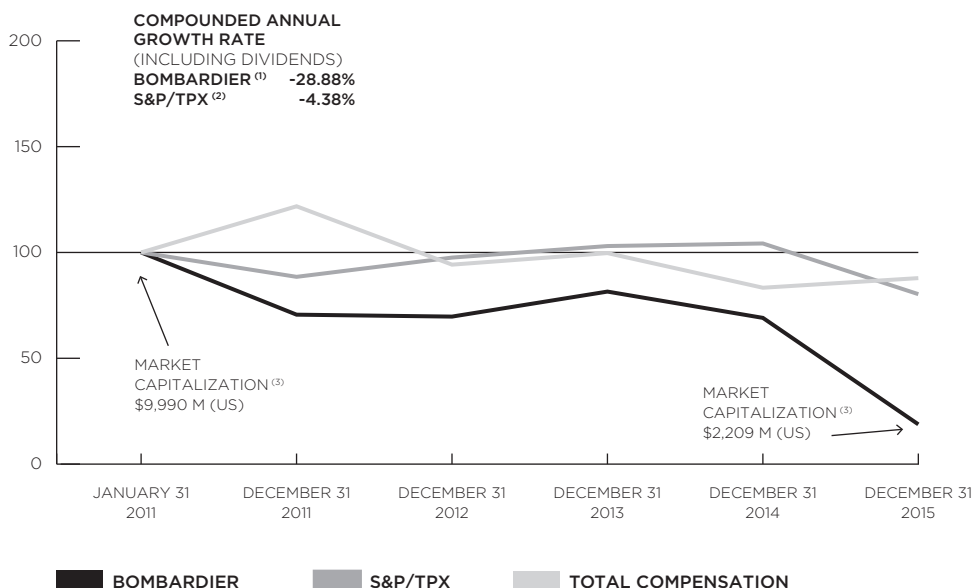
## A.2 Performance Graph

The following performance graph shows Bombardier's cumulative total shareholder return over its five most recently completed financial years, assuming an amount of \$100 was invested on January 31, 2011 in Class B subordinate voting shares of Bombardier and in the S&P/TSX Composite Index, as well as in the total compensation earned by the NEOs, as defined below, over the same period.

The trends shown by the performance graph depicted below represent a decrease in the cumulative total shareholder return from January 2011 to December 2011 due to the economic uncertainty of 2011. The financial years ended on December 31, 2012, December 31, 2013 and December 31, 2014 show a relatively stable total shareholder return overall. For the financial year ended December 31, 2015 the graph shows a significant decrease in total shareholder return. Stock price performance is affected by various factors and trends, many of which are unrelated to the Corporation's actual performance.

The graph demonstrates a correlation between Bombardier's total shareholder return and total earned compensation of its NEOs except for the financial years ended December 31, 2011 and December 31, 2015.

### PERFORMANCE OF THE CLASS B SUBORDINATE VOTING SHARE OF BOMBARDIER FROM JANUARY 31, 2011 TO DECEMBER 31, 2015



- (1) Return on Class B subordinate voting shares converted to US dollars, including dividends reinvested.
- (2) Return on S&P/TSX index converted to US dollars, including dividends reinvested.
- (3) Market capitalization is based on 316,109,537 Class A shares and 1,436,997,894 Class B subordinate voting shares as at January 31, 2011 and on 313,900,550 Class A shares and 1,932,511,397 Class B subordinate voting shares as at December 31, 2015. The market capitalization is converted from Canadian dollars to US dollars. For reference, exchange rates used were 0.999 and 0.7227, as at January 31, 2011 and December 31, 2015, respectively.  
(Index: Closing Price January 31, 2011 = 100 and Total NEO Compensation for the fiscal year ending January 31, 2011 = 100) Closing prices converted in US dollars; total compensation for the NEO is based on the fiscal year prior to the closing stock price.

For purposes of calculating total compensation earned by the NEOs, all compensation elements were annualized, where applicable, and any sign-on cash payments, sign-on long-term incentive grants and one-time payments made to cover costs of relocation were specifically excluded. In respect of the financial years indicated below, only the compensation earned by the following five NEOs was considered:

- during the financial year ended December 31, 2013: Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey, Lutz Bertling and Daniel Desjardins;
- during the financial year ended December 31, 2014: Mssrs. Pierre Beaudoin, Pierre Alary, Lutz Bertling, Steven Ridolfi and Éric Martel; and
- during the financial year ended December 31, 2015: Mssrs. Pierre Beaudoin, Alain Bellemare, John Di Bert, Frederick Cromer and David Coleal.

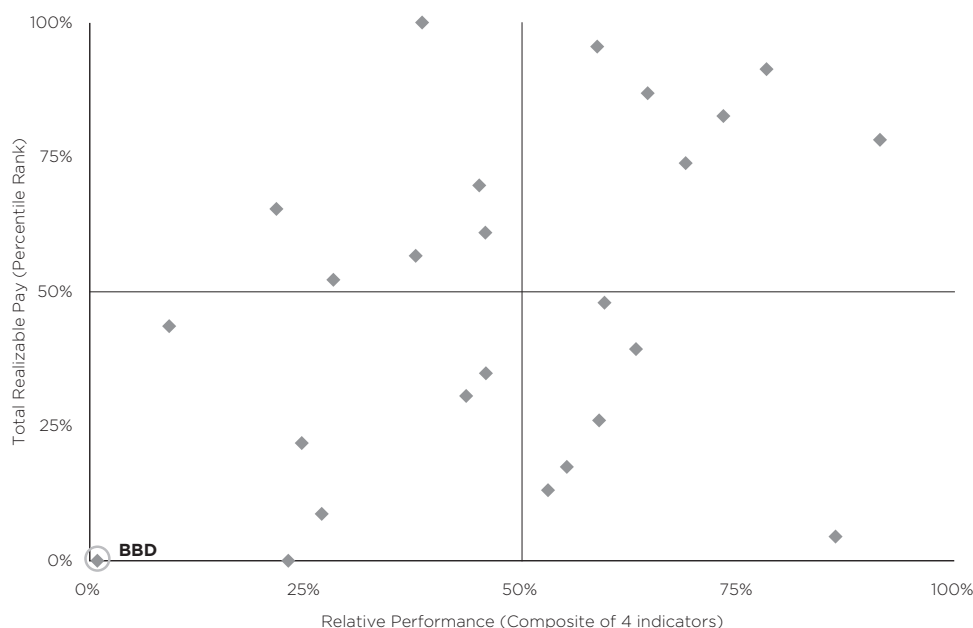
## A.3 Pay for Performance

Bombardier strives to align its compensation plans with its performance. In order to confirm the achievement of this objective, a pay-for-performance analysis for the President and Chief Executive Officer, was conducted by Meridian in 2015, covering the three-year period ended December 31, 2014.

In this pay for performance study, performance is measured as the composite of four indicators, one-third on EBITDA growth, one-third on total shareholder return (TSR), one-sixth on ROE and one-sixth on ROIC. Furthermore, pay is defined as realizable pay which includes actual base salary and bonus, PSU incentive payouts or the value of vested DSUs, and the gains earned through the exercise of options granted over the period.

The analysis shows pay for performance alignment below median compared to the peer group used to determine the NEOs' compensation effective in the financial year ended December 31, 2014 for executive positions in North America.

### 2012-2014 COMPOSITE PERF. PERCENTILE RANK AGAINST CEO TOTAL DIRECT COMP. (TDC) PERCENTILE



## B. EXECUTIVE COMPENSATION

### B.1 Total Compensation Value Table for Pierre Beaudoin, Executive Chairman of the Board of Directors

The following total compensation value table summarizes the total compensation of the Executive Chairman of the Board of Directors (and former President and Chief Executive Officer), Mr. Pierre Beaudoin, for the past three financial years. It also provides a summary of the aggregate number and value of shares, RSUs, PSUs, DSUs and stock options held by him at the end of these years.

Compensation for the Year Ended	December 31, 2015 (\$)	December 31, 2014 (\$)	December 31, 2013 (\$)
Base Salary <sup>(1)</sup>	820,700	1,268,500	1,360,400
Restricted Share Units (RSUs) <sup>(1)</sup>	340,700	Nil	Nil
Performance Share Units (PSUs) <sup>(1)</sup>	Nil	Nil	Nil
Deferred Share Units (DSUs) <sup>(1)</sup>	Nil	2,146,800	2,336,000
Stock Options <sup>(1)</sup>	1,772,200	1,073,400	1,168,000
Annual Incentive <sup>(1)</sup>	987,200	590,700	928,700
Pension Value <sup>(2)</sup>	(73,900)	(70,200)	83,700
All Other Compensation <sup>(3)</sup>	–	148,400	128,500
<b>Total Compensation</b>	<b>3,846,900</b>	<b>5,157,600</b>	<b>6,005,300</b>

Aggregate Number and Value of Shares, RSUs, PSUs, DSUs and Stock Options Held as at						
	December 31, 2015		December 31, 2014		December 31, 2013	
	Number	\$	Number	\$	Number	\$
<b>Shares <sup>(4)</sup></b>						
<b>Class A</b>	512,859	550,300	512,859	1,828,600	512,859	2,217,600
<b>Class B Subordinate Voting</b>	792,407	764,700	773,654	2,771,800	763,618	3,309,100
<b>RSUs <sup>(5)</sup></b>	294,118	283,800	Nil	Nil	Nil	Nil
<b>PSUs</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>DSUs <sup>(5)</sup></b>	2,012,139	1,941,900	2,680,642	9,603,900	2,480,525	10,749,100
<b>Stock Options <sup>(5)</sup></b>						
<b>Exercisable</b>	2,727,883	–	1,715,000	271,900	1,513,000	490,700
<b>Unexercisable</b>	6,808,616	–	3,905,462	900,500	3,111,864	933,100
<b>Total</b>	<b>13,148,022</b>	<b>3,540,700</b>	<b>9,587,617</b>	<b>15,376,700</b>	<b>8,381,866</b>	<b>17,699,600</b>

(1) Please refer to the table B.3 "Summary Compensation Table" of Section 5 of this Circular.

(2) Please refer to the table C.1 "Supplemental Defined Benefit Pension Disclosure for the Financial Year Ended December 31, 2015" of Section 5 of this Circular and to previous years' circulars for the two previous years.

(3) Please refer to notes (4) and (8) of the table B.3 "Summary Compensation Table" of Section 5 of this Circular.

(4) The market value of shares was determined with (i) a closing price for Class A shares of \$1.49 Cdn and a closing price for Class B subordinate voting shares of \$1.34 Cdn, both converted from Canadian dollars to US dollars on an exchange rate of 0.7202 as of December 31, 2015, (ii) a closing price for Class A shares of \$4.13 Cdn and a closing price for Class B subordinate voting shares of \$4.15 Cdn, both converted from Canadian dollars to US dollars on an exchange rate of 0.8633 as of December 31, 2014 or (iii) a closing price for Class A shares of \$4.60 Cdn and a closing price for Class B subordinate voting shares of \$4.61 Cdn, both converted from Canadian dollars to US dollars on an exchange rate of 0.9400 as of December 31, 2013, as applicable.

(5) Please refer to the table B.4 "Outstanding Share-Based Awards and Option-Based Awards" of Section 5 of this Circular and to the table B.5 "Vested DSUs Total Holding Table for NEOs" of Section 5 of this Circular.

## B.2 Total Compensation Value Table for Alain Bellemare, President and Chief Executive Officer

The following total compensation value table summarizes the total compensation of the President and Chief Executive Officer, Mr. Alain Bellemare, for the period from February 13, 2015 (being the effective date on which Mr. Alain Bellemare was appointed President and Chief Executive Officer) to December 31, 2015. It also provides a summary of the aggregate number and value of shares, RSUs, PSUs, DSUs and stock options held by him as at December 31, 2015.

Compensation for the Year Ended December 31, 2015 (\$)								
Base Salary <sup>(1)</sup>	Restricted Share Units (RSUs) <sup>(1)</sup>	Performance Share Units (PSUs) <sup>(1)</sup>	Deferred Share Units (DSUs) <sup>(1)</sup>	Stock Options <sup>(1)</sup>	Annual Incentive <sup>(1)</sup>	Pension Value <sup>(2)</sup>	All Other Compensation <sup>(3)</sup>	Total Compensation
864,300	655,200	Nil	Nil	3,082,500	1,210,000	19,900	594,100	6,426,000

Aggregate Number and Value of Shares, RSUs, PSUs, DSUs and Stock Options Held as at December 31, 2015								
	Shares <sup>(4)</sup>		RSUs	PSUs	DSUs	Stock Options <sup>(5)</sup>		Total
	Class A	Class B Subordinate Voting				Exercisable	Unexercisable	
<b>Number</b>	Nil	580,725	565,611	Nil	Nil	–	7,036,430	<b>8,182,766</b>
<b>\$</b>	Nil	560,400	545,900	Nil	Nil	–	–	<b>1,106,300</b>

(1) Please refer to the table B.3 "Summary Compensation Table" of Section 5 of this Circular.

(2) Please refer to the table C.2 "Supplemental Defined Contribution Pension Disclosure for the Financial Year Ended December 31, 2015" of Section 5 of this Circular.

(3) Please refer to notes (4) and (14) of the table B.3 "Summary Compensation Table" of Section 5 of this Circular.

(4) The market value of shares was determined with a closing price for Class B subordinate voting shares of \$1.34 Cdn converted from Canadian dollars to US dollars on an exchange rate of 0.7202 as of December 31, 2015.

(5) Please refer to the table B.4 "Outstanding Share-Based Awards and Option-Based Awards" of Section 5 of this Circular.

### B.3 Summary Compensation Table \*

The Summary Compensation Table shows the annual compensation information for each of the NEOs of Bombardier for the three most recent completed financial years.

Name and Principal Position	Financial Year Ended December 31 <sup>st</sup>	Base Salary (\$)	Share-Based Awards (RSUs, PSUs or DSUs) (\$)	Option-Based Awards <sup>(1)</sup> (\$)	Non-equity Incentive Plan Compensation		Pension Value <sup>(3)</sup> (\$)	All Other Compensation <sup>(4)(5)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plan <sup>(2)</sup> (\$)	Long-term Incentive Plan(\$)			
<b>Pierre Beaudoin</b> Executive Chairman of the Board of Directors (and former President and Chief Executive Officer)	2015	820,700 <sup>(6)</sup>	340,700 <sup>(7)</sup>	1,772,200 <sup>(7)</sup>	987,200	—	(73,900)	— <sup>(8)</sup>	3,846,900
	2014	1,268,500	2,146,800 <sup>(9)</sup>	1,073,400 <sup>(9)</sup>	590,700	—	(70,200)	148,400	5,157,600
	2013	1,360,400	2,336,000 <sup>(10)</sup>	1,168,000 <sup>(10)</sup>	928,700	—	83,700	128,500	6,005,300
<b>Alain Bellemare</b> President and Chief Executive Officer	2015	864,300 <sup>(11)</sup>	655,200 <sup>(7)</sup>	3,082,500 <sup>(7)(12)</sup>	1,210,000 <sup>(13)</sup>	—	19,900	594,100 <sup>(14)</sup>	6,426,000
<b>John Di Bert</b> Senior Vice President and Chief Financial Officer	2015	185,500 <sup>(15)</sup>	574,600 <sup>(7)(16)</sup>	1,731,200 <sup>(7)(16)</sup>	167,000 <sup>(13)</sup>	—	19,300	179,800 <sup>(17)</sup>	2,857,400
<b>Frederick Cromer</b> President, Bombardier Commercial Aircraft	2015	430,000 <sup>(18)</sup>	301,400 <sup>(7)</sup>	1,792,400 <sup>(7)(19)</sup>	387,000 <sup>(13)</sup>	—	19,900	404,700 <sup>(20)</sup>	3,335,400
<b>David Coleal</b> President, Bombardier Business Aircraft	2015	367,600 <sup>(21)</sup>	301,400 <sup>(7)</sup>	1,614,600 <sup>(7)(22)</sup>	330,800 <sup>(13)</sup>	—	19,900	350,200 <sup>(23)</sup>	2,984,500
<b>Laurent Troger</b> President, Bombardier Transportation	2015	573,000 <sup>(24)</sup>	252,300 <sup>(7)(25)</sup>	759,200 <sup>(7)(25)</sup>	303,600	—	380,700	170,700	2,439,500
	2014	629,000	635,800 <sup>(9)(26)</sup>	132,700 <sup>(9)</sup>	88,100	—	(76,000)	175,100 <sup>(27)</sup>	1,584,700
	2013	628,400	798,000 <sup>(10)(28)</sup>	147,600 <sup>(10)</sup>	281,500	—	390,500	— <sup>(8)</sup>	2,246,000
<b>Pierre Alary</b> Former Senior Vice President and Chief Financial Officer	2015	488,300 <sup>(29)</sup>	—	—	246,800	—	190,200	1,745,700 <sup>(30)</sup>	2,671,000
	2014	665,700	648,800 <sup>(9)</sup>	324,400 <sup>(9)</sup>	253,600	—	81,000	— <sup>(8)</sup>	1,973,500
	2013	713,900	705,900 <sup>(10)</sup>	353,000 <sup>(10)</sup>	418,200	—	142,000	— <sup>(8)</sup>	2,333,000
<b>Lutz Bertling</b> Former President of Bombardier Transportation	2015	956,200 <sup>(31)</sup>	301,400 <sup>(7)</sup>	912,600 <sup>(7)</sup>	645,400	—	1,213,600	4,011,500 <sup>(32)</sup>	8,040,700
	2014	1,196,700	1,619,300 <sup>(9)(33)</sup>	737,200 <sup>(9)(33)</sup>	251,300	—	978,500	730,800 <sup>(34)</sup>	5,513,800
	2013	697,500 <sup>(35)</sup>	1,155,200 <sup>(10)</sup>	1,547,300 <sup>(10)(36)</sup>	468,700	—	641,500	705,700 <sup>(34)</sup>	5,215,900

(1) The Black-Scholes pricing model is used to calculate the fair value of the awards on the grant date as it is consistent with the valuation approach used for accounting purposes.

(2) The bonus amounts are paid in cash in the year following the financial year in respect of which they are earned.

(3) Please refer to the tables C.1 "Supplemental Defined Benefit Pension Disclosure for the Financial Year Ended December 31, 2015" and C.2 "Supplemental Defined Contribution Pension Disclosure for the Financial Year Ended December 31, 2015" of Section 5 of this Circular and to previous years' circulars for the two previous years.

(4) Included in this amount is (i) for Mr. Pierre Beaudoin, the sum of \$93,864 for the financial year ended December 31, 2014 and of \$68,435 for the financial year ended December 31, 2013, (ii) for Mr. Alain Bellemare, the sum of \$5,449 for the financial year ended December 31, 2015, (iii) for Mr. Lutz Bertling, the sum of \$51,138 for the financial year ended December 31, 2015, of \$31,772 for the financial year ended December 31, 2014 and of \$22,876 for the financial year ended December 31, 2013, which represents in each case the difference between the aggregate incremental operating costs to Bombardier for the personal use of the corporate aircraft by Messrs. Pierre Beaudoin, Alain Bellemare, and Lutz Bertling, respectively, and the costs that each of them reimbursed; the calculation of incremental operating costs to Bombardier for personal use of the corporate aircraft includes the variable costs incurred as a result of personal flight activity such as aircraft fuel, trip-related maintenance and repairs, catering, landing and parking fees, crew expenses and low value equipment and supplies.

(5) Included in this amount is (i) for Mr. Alain Bellemare, the sum of \$178,925, (ii) for Mr. John Di Bert, the sum of \$11,468, (iii) for Mr. Frederick Cromer, the sum of \$53,835, (iv) for Mr. David Coleal the sum of \$48,920, and (v) for Mr. Laurent Troger the sum of \$154,123 for the financial year ended December 31, 2015, which represents the contribution to the Supplemental DC Plan except for Mr. Laurent Troger where it represents the contribution to his retirement savings account as explained in section C. "Pension Plans" of Section 5 of this Circular. The contributions to the Supplemental DC Plan have been made on December 21, 2015 at an exchange rate from Canadian dollars to US dollars of 0.7148. The contributions to Mr. Troger's retirement savings account have been made on a monthly basis and converted at an average exchange rate from Euros to US dollars of 1.1092.

(6) Mr. Pierre Beaudoin was appointed as Executive Chairman of the Board of Directors on February 13, 2015. Prior to that date, he served as President and Chief Executive Officer of Bombardier since June 4, 2008.

- (7) For Messrs. Pierre Beaudoin, Alain Bellemare, Frederick Cromer, David Coleal, Laurent Troger, and Lutz Bertling, it reflects the estimated fair value of RSUs and stock options granted on August 7, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.52 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.7621. For Mr. John Di Bert, it reflects the estimated fair value of RSUs and stock options granted on August 10, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.57 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.7659. Furthermore, a Black-Scholes value of 0.33 was used to calculate the estimated fair value of the stock options.
- (8) Since total value of all perquisites is less than \$50,000 or 10% of base salary, no value is reported.
- (9) Reflects the estimated fair value of the PSUs or DSUs and stock options granted on November 6, 2014, on which date the closing price of the Class B subordinate voting shares was \$3.82 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.8754. Furthermore, for stock options a Black-Scholes of 0.23 was used.
- (10) Reflects the estimated fair value of the PSUs or DSUs and stock options granted on August 9, 2013, on which date the closing price of the Class B subordinate voting shares was \$4.84 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.9706; for the stock options a Black-Scholes value of 0.32 was used.
- (11) Mr. Alain Bellemare was appointed as President and Chief Executive Officer of Bombardier Inc. effective February 13, 2015.
- (12) In recognition of his joining Bombardier, Mr. Alain Bellemare received a special grant of 1,098,700 on February 20, 2015, on which date the closing price of the Class B subordinate voting shares was \$2.40 Cdn, the Black-Scholes value was 0.31 and the exchange rate from Canadian dollars to US dollars was of 0.7996.
- (13) Guaranteed minimum bonus payout at target for the financial year ended December 31, 2015 as per their respective employment contract. For further details, please refer to section A.1.4, "Short-Term Incentive Plans" of Section 5 of this Circular.
- (14) Included is an amount of \$435,442 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7838 for a total amount of \$341,299. This amount represents the difference between the aggregate incremental costs to Bombardier for the relocation of Mr. Alain Bellemare from the United States to Canada in comparison to the costs which would have otherwise been covered pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes the cost of household goods shipment and storage, home country housing services including vacant property management fees, home sale assistance and commuter and relocation allowances.
- (15) Mr. John Di Bert was appointed as Senior Vice President and Chief Financial Officer of Bombardier effective August 10, 2015.
- (16) In recognition of his joining Bombardier, Mr. John Di Bert received a special grant of 251,572 RSUs and 2,287,021 stock options valued in the aggregate at \$1,210,000 on August 10, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.57 Cdn, the Black-Scholes value was 0.33 and the exchange rate from Canadian dollars to US dollars was of 0.7659.
- (17) In recognition of his joining Bombardier, Mr. John Di Bert was entitled to a cash lump sum payment of \$400,000 Cdn payable in two installments of \$200,000 Cdn each, the first installment having been paid at hire and the second being payable, subject to certain conditions, following the sixth month of his date of hire. On August 13, 2015, Mr. John Di Bert received the first installment in an amount of \$152,920, converted from Canadian dollars to US dollars based on an exchange rate of 0.7646. On February 11, 2016, Mr. John Di Bert received the second installment in an amount of \$143,580, converted from Canadian dollars to US dollars based on an exchange rate of 0.7179. If Mr. John Di Bert resigns during his first 24 months of employment, he must refund any installments received.
- (18) Mr. Frederick Cromer was appointed as President of Bombardier Commercial Aircraft effective April 9, 2015.
- (19) In recognition of his joining Bombardier, Mr. Frederick Cromer received a special grant of 1,193,033 stock options valued at \$879,900 on May 14, 2015, on which date the closing price of the Class B subordinate voting shares was \$2.68 Cdn, the Black-Scholes value was 0.33 and the exchange rate from Canadian dollars to US dollars was of 0.8339.
- (20) In recognition of his joining Bombardier, Mr. Frederick Cromer was entitled to a cash lump sum payment of \$250,000 Cdn payable in two installments of \$125,000 Cdn each, the first installment having been paid on April 15, 2015 and the second having been paid on October 15, 2015. These amounts were converted from Canadian dollars to US dollars based on an exchange rate of 0.8078 and 0.7750 for the first and second installments respectively for a total amount of \$197,850. If Mr. Frederick Cromer resigns during his first 12 months of employment, he must refund any installments received. In addition, he received an amount of \$138,033 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7838 for a total amount of \$108,190, which represents the difference between the aggregate incremental costs to Bombardier for his commuting from the United States to Canada in comparison to the costs which would have otherwise been covered in respect of his relocation pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes temporary accommodation expenses, tax equalization payments and commuter allowances.
- (21) Mr. David Coleal was appointed as President of Bombardier Business Aircraft effective June 1, 2015.
- (22) In recognition of his joining Bombardier, Mr. David Coleal received a special grant of 1,836,547 stock options valued at \$702,100 on August 7, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.52 Cdn, the Black-Scholes value was 0.33, and the exchange rate from Canadian dollars to US dollars was of 0.7621.
- (23) In recognition of his joining Bombardier, Mr. David Coleal was entitled to a cash lump sum payment of \$1,000,000 Cdn payable in four installments of \$250,000 Cdn each, the first and second installments having been paid at hire and in January 2016, respectively, with the others to be paid, subject to certain conditions, in July of 2016 and January of 2017. On June 15, 2015, Mr. David Coleal received the first installment in an amount of \$202,875, converted from Canadian dollars to US dollars based on an exchange rate of 0.8115. On January 15, 2016, Mr. David Coleal received the second installment in an amount of \$172,075, converted from Canadian dollars to US dollars based on an exchange rate of 0.6883. The remaining installments are not earned or payable yet, as their payment is conditional on Mr. David Coleal not having resigned on the planned payment date. If Mr. David Coleal resigns during his first 24 months of employment, he must refund any installments received. In addition, he received an amount of \$82,512 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7838 for a total amount of \$64,673, which represents the difference between the aggregate incremental costs to Bombardier for his commuting from the United States to Canada in comparison to the costs which would have otherwise been covered in respect of his relocation pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes temporary accommodation expenses and commuter allowances.
- (24) Mr. Laurent Troger was appointed as President of Bombardier Transportation effective December 9, 2015.
- (25) In recognition of his new position as then Chief Operating Officer of Bombardier Transportation effective September 11, 2015, Mr. Laurent Troger received a grant of 65,046 RSUs and 513,699 stock options valued at \$302,400 on November 5, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.53 Cdn, the Black-Scholes value was 0.38, and the exchange rate from Canadian dollars to US dollars was of 0.7595. In recognition of his new position as President of Bombardier Transportation effective December 9, 2015, Mr. Laurent Troger has also been granted 106,838 RSUs and 820,928 stock options valued in the aggregate at \$366,000 on February 24, 2016, on which date the closing price of the Class B subordinate voting shares was \$1.18 Cdn, the Black-Scholes value was 0.39, and the exchange rate from Canadian dollars to US dollars was of 0.7264. Considering that the specific objectives for the grant made on November 25, 2014 were no longer applicable to his new position, 31,602 PSUs of the 94,788 PSUs granted to him on November 25, 2014 (please refer to note (26)) were cancelled and taken into consideration to determine the value of the grants made on February 24, 2016.
- (26) Further to his nomination as then Chief Technology Officer, Mr. Laurent Troger received a special grant of 94,788 PSUs valued at \$370,400 on November 25, 2014, on which date the closing price of the Class B subordinate voting shares was \$4.40 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.8880. These PSUs have a special vesting schedule of 33.3% after each of the first, second and third year subject to the attainment of certain performance conditions. Considering that the performance conditions for the grant made on May 16, 2013 were no longer applicable to this position, 87,720 PSUs of the 109,650 PSUs granted to him on May 16, 2013 (please refer to note 28) were cancelled and taken into consideration to determine the grant made to him on November 25, 2014.
- (27) Included in this amount is the sum of 127,712 EUR which represents the contribution to Mr. Laurent Troger's retirement savings account as explained in section C. "Pension Plans" of Section 5 of this Circular. This contribution has been converted at an exchange rate from Euros to US dollars of 1.0859.
- (28) Mr. Laurent Troger received a special grant of 109,650 PSUs valued at \$502,800 on May 16, 2013, on which date the closing price of the Class B subordinate voting shares was \$4.66 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.9840. These PSUs have a special vesting schedule of 20%, 30% and 50% after the first, second and third year respectively subject to the attainment of certain performance conditions.
- (29) Mr. Pierre Alary retired on November 1, 2015.
- (30) Mr. Pierre Alary took his retirement on November 1, 2015 after 17 years of service. In recognition of his past service, Mr. Pierre Alary received a discretionary lump sum amount of \$2,156,595 Cdn on November 5, 2015. The amount was converted from Canadian dollars to US dollars based on an exchange rate of 0.7595 for a total amount of \$1,637,934.
- (31) Mr. Lutz Bertling ceased acting as President of Bombardier Transportation on December 9, 2015.
- (32) Further to the termination of his employment, in accordance with the terms of his contract of employment governed by German laws, Mr. Lutz Bertling is entitled to salary continuance from December 9, 2015 to December 31, 2016. Mr. Lutz Bertling also remains eligible to participate in the Corporation's short term incentive plan during that period. In addition, after December 31, 2016, he will be entitled to a lump sum payment equal to 12 months of his base salary and target bonus. The total value of the termination benefit (including the value of continuance of salary and short term incentive payment (estimated at target), plus the amount of the lump-sum payment) is 3,607,410 EUR. The amount was converted from Euros to US dollars based on an average exchange rate of 1.0859 for a total amount of \$3,917,300.

- (33) Mr. Lutz Bertling received a special grant of 268,384 stock options and 123,457 DSUs valued in the aggregate at \$619,300 on November 6, 2014. The estimated fair value of these DSUs and stock options has been converted based on the closing price of the Class B subordinate voting shares of \$3.82 Cdn and the exchange rate from Canadian dollars to US dollars of 0.8754, in each case on November 6, 2014. Furthermore, for stock options a Black-Scholes value of 0.23 was used. This grant was intended to replace part of his forfeited long-term incentive entitlements from his previous employer when he commenced employment at Bombardier and to provide an incentive for his then anticipated performance at the Corporation.
- (34) In recognition of his joining Bombardier, Mr. Lutz Bertling was entitled to a cash lump sum payment of 1,000,000 EUR payable in four installments of 250,000 EUR each, the first installment having been paid at hire and the others following the sixth, twelfth and eighteenth month of his date of hire to compensate in part for the forfeiture of compensation at his prior employment. On June 30 and November 30, 2013, Mr. Lutz Bertling received two installments of 250,000 EUR each. These amounts were converted from Euros to US dollars based on an exchange rate of 1.3010 for the first installment and 1.3604 for the second installment for a total amount of \$665,350. On May 26 and November 25, 2014, Mr. Lutz Bertling received the two remaining installments of 250,000 EUR each. These amounts were converted from Euros to US dollars based on an exchange rate of 1.3648 for the first installment and 1.2471 for the second installment for a total amount of \$652,975.
- (35) Mr. Lutz Bertling was appointed as President and Chief Operating Officer of Bombardier Transportation effective June 3, 2013 and ceased acting as President of Bombardier Transportation on December 9, 2015.
- (36) In recognition of his joining Bombardier, Mr. Lutz Bertling received a special grant of 677,690 stock options valued at \$969,700 upon his effective date of hiring on June 3, 2013. The estimated fair value of these stock options has been converted based on the closing price of the Class B subordinate voting shares of \$4.75 Cdn on June 3, 2013, an exchange rate from Canadian dollars to US dollars of 0.9717 and a Black-Scholes value of 0.31. This grant was intended to replace part of his forfeited long-term incentive entitlements from his previous employer when he commenced employment at Bombardier and to provide an incentive for his then anticipated performance at the Corporation.
- \* All compensation amounts were paid in Canadian dollars to Messrs. Pierre Beaudoin, Alain Bellemare, John Di Bert, Frederick Cromer, David Coleal, and Pierre Alary, and in Euros to Mr. Laurent Troger and Mr. Lutz Bertling. The base salary and annual incentive plan amounts were converted from Canadian dollars and Euros to US dollars based on the average exchange rates during the year, of 0.7838 and 1.1092 respectively for the financial year ended December 31, 2015, 0.9061 and 1.3297 respectively for the financial year ended December 31, 2014, of 0.9717 and 1.3285 respectively for the financial year ended December 31, 2013. The exchange rates used for the share-based awards are provided in the notes to table B.4, for option-based awards are provided in the notes in the above table B.3 and for the pension value are provided in the notes to tables C.1 and C.2.

## B.4 Outstanding Share-Based Awards and Option-Based Awards

NEO	Option-Based Awards					Share-Based Awards		
	Grant Date	Number of Securities Underlying Unexercised Options at Financial Year-End <sup>(1)</sup>	Option Exercise Price (\$Cdn) <sup>(2)</sup>	Option Expiration Date <sup>(3)</sup>	Value of Unexercised in-the-money Options at Financial Year End (\$) <sup>(4)</sup>	Number of RSUs/PSUs/DSUs that Have Not Vested at the End of the Financial Year <sup>(5)</sup>	Market Value of RSUs/PSUs/DSUs that Have Not Vested at the End of the Financial Year (\$) <sup>(6) (7)</sup>	Market Value of Vested Share-Based Awards not Paid or Distributed (\$) <sup>(8)</sup>
<b>Pierre Beaudoin</b>	June 10, 2009	450,000	3.45	June 10, 2016	–	–	–	842,400
	June 9, 2010	663,000	4.71	June 9, 2017	–	–	–	
	June 8, 2011	602,000	7.01	June 8, 2018	–	–	–	
	August 16, 2012	1,012,883	3.63	August 16, 2019	–	–	–	
	August 9, 2013	776,981	4.88	August 9, 2020	–	497,268	479,900	
	November 6, 2014	1,395,598	3.78	November 6, 2021	–	641,975	619,500	
	August 7, 2015	4,636,037	1.65	August 7, 2022	–	294,118	283,800	
<b>Alain Bellemare</b>	February 20, 2015	1,846,836	2.62	February 20, 2022	–	–	–	–
	August 7, 2015	5,189,594	1.65	August 7, 2022	–	565,611	545,900	
<b>John Di Bert</b>	August 10, 2015	4,362,858 <sup>(9)</sup>	1.59	August 10, 2022	–	477,817 <sup>(9)</sup>	461,100	–
<b>Frederick Cromer</b>	May 14, 2015	1,193,033 <sup>(10)</sup>	2.54	May 14, 2022	–	–	–	–
	August 7, 2015	2,387,213	1.65	August 7, 2022	–	260,181	251,100	
<b>David Coleal</b>	August 7, 2015	4,223,760 <sup>(11)</sup>	1.65	August 7, 2022	–	260,181	251,100	–
<b>Laurent Troger</b>	June 10, 2009	45,000	3.45	June 10, 2016	–	–	–	–
	June 9, 2010	70,000	4.71	June 9, 2017	–	–	–	
	June 8, 2011	70,000	7.01	June 8, 2018	–	–	–	
	August 16, 2012	139,133	3.63	August 16, 2019	–	–	–	
	May 16, 2013	–	–	May 16, 2020	–	10,965 <sup>(12)</sup>	10,600	
	August 9, 2013	98,190	4.88	August 9, 2020	–	62,842	60,600	
	November 6, 2014	172,533	3.78	November 6, 2021	–	79,365	76,600	
	November 25, 2014	–	–	November 25, 2021	–	94,788 <sup>(13)</sup>	91,500	
	August 7, 2015	674,647	1.65	August 7, 2022	–	73,529	71,000	
November 5, 2015	513,699	1.42	November 5, 2022	–	65,046	62,800		



Option-Based Awards					Share-Based Awards			
NEO	Grant Date	Number of Securities Underlying Unexercised Options at Year-End <sup>(1)</sup>	Option Exercise Price (\$Cdn) <sup>(2)</sup>	Option Expiration Date <sup>(3)</sup>	Value of Unexercised in-the-money Options at Financial Year End (\$) <sup>(4)</sup>	Number of RSUs/PSUs/DSUs that Have Not Vested at the End of the Financial Year <sup>(5)</sup>	Market Value of RSUs/PSUs/DSUs that Have Not Vested at the End of the Financial Year (\$) <sup>(6) (7)</sup>	Market Value of Vested Share-Based Awards not Paid or Distributed (\$) <sup>(8)</sup>
<b>Pierre Alary</b>	June 10, 2009	87,000	3.45	June 10, 2016	–	–	–	–
	June 9, 2010	133,000	4.71	June 9, 2017	–	–	–	–
	June 8, 2011	156,000	7.01	June 8, 2018	–	–	–	–
	August 16, 2012	278,264	3.63	October 31, 2018	–	–	–	–
	August 9, 2013	174,388 <sup>(14)</sup>	4.88	October 31, 2018	–	– <sup>(15)</sup>	–	–
	November 6, 2014	138,530 <sup>(14)</sup>	3.78	October 31, 2018	–	– <sup>(15)</sup>	–	–
<b>Lutz Bertling</b>	June 3, 2013	677,690	4.76	June 3, 2020	–	–	–	–
	August 9, 2013	384,221	4.88	August 9, 2020	–	245,902	237,300	–
	November 6, 2014 <sup>(16)</sup>	958,515 <sup>(17)</sup>	3.78	November 6, 2021	–	484,224 <sup>(17)</sup>	467,300	–
	August 7, 2015 <sup>(16)</sup>	2,387,213	1.65	August 7, 2022	–	260,181	251,100	–

- (1) As of December 31, 2015, only stock options granted on June 10, 2009, June 9, 2010, June 8, 2011 and August 16, 2012 were vested.
- (2) The exercise price of the stock options in this table is equal to the weighted average trading price of the Class B subordinate voting shares on the TSX for the five trading days before the grant was made. The exercise price is shown in Canadian dollars.
- (3) In accordance with the terms of the Stock Option Plan, (i) if the expiration date of an option falls during, or within ten (10) business days following the expiration of a Blackout period, such expiration date shall automatically be extended for a period of ten (10) business days following the end of the Blackout period, (ii) upon retirement, vested stock options must be exercised within three (3) years from the retirement date and at the end of this period, all stock options are cancelled.
- (4) The value of unexercised in-the-money options as of December 31, 2015 is the difference between the closing price and the exercise price of the underlying shares as of that date. These options have not been, and may never be, exercised, and actual gains, if any, on exercise will depend on the value of the shares on the date of exercise. Based on the closing price of the Class B subordinate voting shares on December 31, 2015 of \$1.34 Cdn, none of the options were in-the-money as of such date.
- (5) All NEOs received grants of DSUs, except Mr. Laurent Troger who received grants of PSUs, before January 1, 2015 and grants of RSUs following January 1, 2015.
- (6) Based on the closing price of the Class B subordinate voting shares on December 31, 2015 of \$1.34 Cdn, assuming 100% of target of plan reached (in the case of PSUs and DSUs), and converted from Canadian dollars to US dollars based on an exchange rate of 0.7202 as of December 31, 2015.
- (7) All RSU grants vest only based on time. The vesting of all PSUs and DSU grants is conditional on the attainment of the applicable performance targets. The PSUs and DSUs may also vest at 0% as indicated on pages 50 and 51 of this Circular. These estimates do not take into consideration possible future dividend payments.
- (8) Participants must keep their vested DSUs after the end of the vesting period in the form of DSUs until their termination of employment with Bombardier. Please refer to the table B.5 "Vested DSUs Total Holding Table for NEOs" of Section 5 of this Circular.
- (9) In recognition of his joining Bombardier, Mr. John Di Bert received a special grant of 2,287,021 stock options and 251,572 RSUs.
- (10) In recognition of his joining Bombardier, Mr. Frederick Cromer received a special grant of 1,193,033 stock options.
- (11) In recognition of his joining Bombardier, Mr. David Coleal received a special grant of 1,836,547 stock options.
- (12) 109,650 PSUs were granted on May 16, 2013 based on certain performance conditions. Of this number, 10,965 PSUs have vested after the first year and 10,965 PSUs have not vested based on the partial attainment of the performance conditions. The remaining 87,720 PSUs were cancelled and replaced by a special grant on November 25, 2014 (please refer to note (13) below) since Mr. Laurent Troger was promoted to a new position and the performance conditions for these PSUs were no longer applicable.
- (13) 94,788 PSUs were granted to Mr. Laurent Troger on November 25, 2014 based on certain performance conditions. Of this number, (i) 31,584 PSUs vested after the first year; (ii) 23,176 PSUs vested and 8,426 PSUs were cancelled after the second year based on the partial attainment of the applicable performance conditions; and (iii) 31,602 PSUs were cancelled since the performance conditions for these PSUs were no longer applicable in light of his new position as President of Bombardier Transportation effective December 9, 2015. The 31,602 cancelled PSUs were taken into account to determine the aggregate value of 106,838 RSUs and 820,928 stock options granted to him on February 24, 2016 in recognition of his new position (valued in the aggregate at \$366,000 on February 24, 2016, on which date the closing price of the Class B subordinate voting shares was \$1.18 Cdn, the Black-Scholes value was 0.39, and the exchange rate from Canadian dollars to US dollars was 0.7264).
- (14) Reflects the number of stock options reduced in proportion to the length of service between the grant date and the retirement date to the length of the three-year vesting period. Mr. Pierre Alary will have three years from November 1, 2015 to exercise his vested stock options.
- (15) Unvested DSUs were cancelled upon the retirement of Mr. Pierre Alary on November 1, 2015.
- (16) In accordance with the terms of the long-term incentive plans and Mr. Lutz Bertling's contract of employment, the size of the grants will be reduced in proportion to the length of time between the award date and December 31, 2016, to the length of the total vesting period.
- (17) Includes a special grant of 268,384 stock options and 123,457 DSUs. Please refer to note (33) of the table B.3 "Summary Compensation Table" of Section 5 of this Circular.

## B.5 Vested DSUs Total Holding Table for NEOs

NEO	Number of Vested DSUs as of December 31, 2014	Number of Additional Vested or Credited DSUs During the Year <sup>(1)</sup>	Number of Vested DSUs as of December 31, 2015	Market Value of Vested DSUs as of December 31, 2015 <sup>(2)</sup> (\$)
<b>Pierre Beaudoin</b>	872,896	–	872,896	842,400
<b>Pierre Alary</b>	171,946	–	– <sup>(3)</sup>	–

- (1) No additional DSUs were credited nor vested during the financial year ended December 31, 2015 since the DSUs vested at 0% on August 16, 2015 and no cash dividends were paid on the Class B subordinate voting shares during the period from January 1, 2015 to December 31, 2015.
- (2) Based on the closing price of the Class B subordinate voting shares on December 31, 2015 of \$1.34 Cdn and converted from Canadian dollars to US dollars based on an exchange rate of 0.7202 as of December 31, 2015.
- (3) On November 5, 2015, further to the retirement of Mr. Pierre Alary effective November 1, 2015, his 171,946 vested DSUs were settled in Class B subordinate voting shares, in accordance with the terms of the DSU Plan or 2010 DSUP, as applicable.

## B.6 Incentive Plan Awards – Value Realized on Exercise and Value Vested or Earned during the Financial Year Ended December 31, 2015

NEO	Option-Based Awards – Value Realized on Exercise During the Year <sup>(1)</sup> (\$)	Option-Based Awards – Value Vested During the Year <sup>(2)</sup> (\$)	Share-Based Awards – Value Vested During the Year <sup>(3)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year <sup>(4)</sup> (\$)
Pierre Beaudoin	–	–	–	987,200
Alain Bellemare	–	–	–	1,210,000
John Di Bert	–	–	–	167,000
Frederick Cromer	–	–	–	387,000
David Coleal	–	–	–	330,800
Laurent Troger	–	–	–	303,600
Pierre Alary	–	–	–	246,800
Lutz Bertling	–	–	–	645,400

(1) During 2015, no stock options were exercised by NEOs.

(2) The value is determined assuming the stock options would have been exercised on the vesting date of each relevant grant. No value is reported since the closing price of the Class B subordinate voting shares on the TSX on the vesting date was less than the exercise price.

(3) No RSUs, DSUs or PSUs vested during the financial year ended December 31, 2015. Please refer to Section A.1.5.1 “Restricted Share Unit Plan (RSU Plan), Performance Share Unit Plan (PSU Plan), Deferred Share Unit Plan (DSU Plan) and 2010 Deferred Share Unit Plan (2010 DSUP)” of Section 5 of this Circular.

(4) The value is the amount of the short-term incentive plan payout for the financial year ended December 31, 2015 as disclosed in table B.3 “Summary Compensation Table” of Section 5 of this Circular.

## B.7 Securities Authorized for Issuance under the Stock Option Plan and the 2010 DSUP

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (Cdn\$)	(c) Number of Securities Remaining Available for further Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	Stock options <sup>(1)</sup> 74,347,206 DSUs <sup>(2)</sup> 5,752,405	2.61 N/A	Stock options 18,167,801 DSUs 17,760,305
Equity compensation plans not approved by security holders	–	–	–
<b>Total</b>	<b>80,099,611</b>	<b>2.61</b>	<b>35,928,106</b>

(1) Please refer to Section A.1.5.3 “Stock Option Plan” of Section 5 of this Circular for a description of the principal terms of the Stock Option Plan.

(2) Please refer to Section A.1.5.1 “Restricted Share Unit Plan (RSU Plan), Performance Share Unit Plan (PSU Plan), Deferred Share Unit Plan (DSU Plan) and 2010 Deferred Share Unit Plan (2010 DSUP)” of Section 5 of this Circular for a description of the principal terms of the 2010 DSUP.

## C. PENSION PLANS

The NEOs, except Mr. Laurent Troger, participate either in two defined benefit pension plans or in two defined contribution pension plans. Mr. Laurent Troger participates in a defined benefit pension plan for service up to December 31, 2013 and in a defined contribution pension plan for service after that date. All these plans are non-contributory.

Messrs. Pierre Beaudoin and Pierre Alary participate in two defined benefit pension plans where i) benefits payable from the basic plan correspond to 2% of average base salary in the three continuous years of service during which the NEOs are paid their highest salary (up to the maximum earnings according to the Income Tax Act (Canada) which for 2015 is \$140,945 Cdn) multiplied by the number of years of credited service and ii) the supplemental plan provides for additional benefits of 2.5% of average base salary, multiplied by the number of years of credited service (up to 40) less the pension payable from the basic plan.

Mr. Lutz Bertling participates in a defined benefit pension plan with an annual accrual rate of 2.5% of a three-year average base salary. However, upon employment, he was granted the right to accrue a pension at double the annual accrual rate, or 5.0%, for each of his first three years of service completed to compensate for forfeiture of pension entitlements at his prior employment.

Benefits are payable upon retirement from age 60. For Mr. Pierre Beaudoin, his benefits can be paid before age 60, in which case benefits are reduced by 0.33% for each month between the date of early retirement and his 60<sup>th</sup> birthday or, if earlier, the date at which the participant's age plus years of service total 85. He is entitled to an unreduced pension from August 1, 2016. For Mr. Pierre Alary, he receives his pension since his retirement on November 1, 2015. His pension was reduced by 7.0% due to early retirement in accordance with the plan terms.

All NEOs who participate in the defined benefit pension plans have vested rights in case of termination.

Upon the death of Messrs. Pierre Beaudoin and Pierre Alary, their spouse will be entitled to a benefit equal to 60% of the benefit to which such participant was entitled. If the participant has no spouse at the time of retirement, the benefits will be paid, after death, to the designated beneficiary until such time as 120 monthly installments, in the aggregate, have been paid to the participant and/or to the designated beneficiary. For Mr. Lutz Bertling, in the event of his death, the life partner designated by Mr. Lutz Bertling before his death shall receive 50% of his monthly retirement benefit. If his life partner is more than ten years younger, the lifetime pension will be reduced by 0.3% for each year of age difference in excess of the ten years.

Messrs. Alain Bellemare, John Di Bert, Frederick Cromer and David Coleal participate in the base defined contribution pension plan (Base DC Plan) and the supplemental defined contribution pension plan (Supplemental DC Plan). Bombardier contributes a total of 25% of the base salary for Mr. Alain Bellemare and 20% of the base salary for Messrs. John Di Bert, Frederick Cromer and David Coleal (in each case, the "Contribution"). The vesting under the Base DC Plan and the Supplemental DC Plan is immediate.

Under the Base DC Plan, Bombardier contributes, on a monthly basis, an amount up to the Contribution, subject to the limit that can be contributed under the Income Tax Act (Canada) for tax-registered pension plans. The contribution limit is \$25,370 for the year 2015. The NEOs have a choice of investment funds and are responsible for the investment of the contributions in their respective account. As the earnings in each investment fund are credited based on the market conditions, there is no above-market or preferential earnings credited on the contributions.

Under the Supplemental DC Plan, Bombardier contributes the amount, if any, representing the difference between the Contribution and the contribution limit in the Base DC Plan. Contributions are made in December of each year. The contributions to the Supplemental DC Plan constitute a taxable benefit in kind to the NEOs. Hence, an amount, after tax deductions, is deposited in a non-registered account for the benefit of the NEOs. As the account is non-registered, the NEOs can withdraw any amount from their respective account at their own discretion.

Mr. Laurent Troger participates in a defined contribution pension plan to which Bombardier contributes 27% of his base salary since January 1, 2014. Contributions are subject to taxation and social charges. Hence an amount, after applicable deductions, is deposited in a retirement savings account and the vesting is immediate. Mr. Laurent Troger has a choice of different investment funds and he is responsible for the investment of the contributions in his account. He can withdraw any amount from his retirement savings account at his own discretion. As the earnings in each investment fund are credited based on the market conditions, there is no above-market or preferential earnings credited on the contributions. Under his defined benefit pension plan, Mr. Laurent Troger is entitled to a benefit that corresponds to 1.5% of his average base salary over the three consecutive years in which his base salary was the highest out of the last 10 years multiplied by the number of years of service up to December 31, 2013.

Bonuses paid under the short-term incentive plans and any other form of compensation are not considered in the computation of pension benefits.

All pension benefits payable from these plans are in addition to government social security benefits.

## C.1 Supplemental Defined Benefit Pension Disclosure for the Financial Year Ended December 31, 2015

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the defined pension benefits payable to NEOs participating in a defined benefit pension plan between January 1, 2015 and December 31, 2015.

NEO	Number of Years of Credited Service		Annual Benefits Payable <sup>(2)</sup>		Opening Present Value of Defined Benefit Obligation as of December 31, 2014 <sup>(3)</sup> (\$)	Change in Obligation During the Year		Closing Present Value of Defined Benefit Obligation as of December 31, 2015 <sup>(6)</sup> (\$)
	December 31, 2015	Age 65 <sup>(1)</sup>	December 31, 2015 (\$)	Age 65 (\$)		Compensatory Changes <sup>(4)</sup> (\$)	Non Compensatory Changes <sup>(5)</sup> (\$)	
<b>Pierre Beaudoin</b>	30.3	40.0	764,600	1,008,300	15,725,900	(73,900)	(2,253,300)	13,398,700
<b>Laurent Troger <sup>(7)</sup></b>	9.2	9.2	70,600	70,600	1,985,800	380,700	(276,200)	2,090,300
<b>Pierre Alary <sup>(8)</sup></b>	17.2	17.2	212,200	212,200	4,290,300	190,200	(700,100)	3,780,400
<b>Lutz Bertling <sup>(9)</sup></b>	2.6	3.6	127,300	162,300	2,139,300	1,213,600	(759,000)	2,593,900

(1) Credited service is limited to 40 years. For Mr. Laurent Troger, the credited service is at December 31, 2013, for Mr. Lutz Bertling, the credited service is at December 31, 2016 as per his employment contract and for Mr. Pierre Alary, the credited service is at his retirement date.

(2) Based on the average base salary over the last three years and, (i) credited service on December 31, 2015 and, (ii) upon attainment of age 65 for Messrs. Pierre Beaudoin and Laurent Troger and as at December 31, 2016 for Mr. Lutz Bertling as per his employment contract and actual pension payable for Mr. Pierre Alary converted from Canadian dollars (for Messrs. Pierre Beaudoin and Pierre Alary) and Euros (for Messrs. Laurent Troger and Lutz Bertling) to US dollars based on an exchange rate of 0.7202 and 1.0887 respectively as of December 31, 2015

(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of 0.8633 and 1.2141 respectively as of December 31, 2014.

(4) Includes the employer service cost plus changes in compensation compared to the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of 0.7838 and 1.1092 respectively during the year ended December 31, 2015.

(5) Impact of all other changes including interest on prior year's obligation plus changes in discount rate used to measure the obligations, changes in other assumptions and experience gains or losses (other than compensation related gains or losses) and variations in exchange rates.

(6) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of 0.7202 and 1.0887 respectively as of December 31, 2015.

(7) Since January 1, 2014, Mr. Laurent Troger participates in a defined contribution pension plan. His credited service in the defined benefit pension plan ended on December 31, 2013.

(8) Mr. Pierre Alary retired on November 1, 2015.

(9) Mr. Lutz Bertling ceased acting as President of Bombardier Transportation on December 9, 2015. His credited service will end, at the latest, on December 31, 2016 as per his employment contract.

\* The amounts presented in the table above are estimates based on assumptions and employment conditions that can change over time. Pension obligations shown above are based on the assumptions used in Bombardier's financial statements and in accordance with the IFRS accounting standards for their valuation as of the plans measurement date. The method used to determine any estimated amounts may differ from that used by other companies and, for that reason, any comparison of the estimated amounts of Bombardier's pension benefits obligations with those of other companies should be interpreted with caution.

## C.2 Supplemental Defined Contribution Pension Disclosure for the Financial Year Ended December 31, 2015

The following table sets forth the reconciliation of the accumulated value of the Base DC Plan for each of the NEOs participating in a defined contribution pension plan between January 1, 2015 and December 31, 2015. The Supplemental DC Plan and the retirement savings account contributions under Mr. Laurent Troger's defined contribution pension plan are reported under the column "All Other Compensation" in the table B.3 "Summary Compensation Table" of Section 5 of this Circular.

NEO	Accumulated Value as of January 1, 2015 (\$)	Compensatory Changes (\$ <sup>(1)</sup> )	Accumulated Value as of December 31, 2015 (\$ <sup>(2)</sup> )
<b>Alain Bellemare</b>	–	19,900	18,000
<b>John Di Bert</b>	–	19,300	15,900
<b>Frederick Cromer</b>	–	19,900	18,600
<b>David Coleal</b>	–	19,900	18,600

(1) Compensatory changes represent the contributions made by Bombardier. Contributions are converted from Canadian dollars to US dollars based on the average exchange rate of 0.7838 during the financial year ended December 31, 2015.

(2) The accumulated value includes the investment earnings of the financial year ended December 31, 2015. The values were converted from Canadian dollars to US dollars based on the exchange rate of 0.7202 as of December 31, 2015.

## D. TERMINATION AND CHANGE OF CONTROL PROVISIONS

Pursuant to the current employment practices of Bombardier, the compensation of each of the NEOs is revised and set on an annual basis by the HRCC as described in Section A. "Compensation Discussion and Analysis" of Section 5 of this Circular.

Unless Bombardier has entered into an employment contract with an executive, when the employment of an executive is terminated, any termination settlement to which he/she might be entitled would then be determined either in accordance with applicable law or jurisprudence or by mutual agreement. For the executives for whom an offer of employment letter specifies the terms and conditions of settlement upon their termination of employment, the termination settlement will be made in accordance therewith. As part of any termination agreement with an executive, Bombardier usually requests the inclusion of non-solicitation, non-disclosure and non-compete provisions.

In the case of Mr. Bellemare, there is an agreement pursuant to which he would be entitled to receive a separation allowance in an amount equal to 12 months of his base salary and target bonus if his employment is terminated by the Corporation in the first 12 months following the effective date of his employment, 24 months of his base salary and target bonus if his employment is terminated by the Corporation after the first 12 months of employment but prior to age 60, and 12 months of his base salary and target bonus if his employment is terminated by the Corporation after age 60.

In the case of Mr. John Di Bert, there is an agreement pursuant to which he would be entitled to receive a separation allowance in an amount equal to 12 months of his base salary if his employment is terminated by the Corporation. The separation allowance will be equal to one month of his base salary per completed year of service if he has completed more than 12 years of service up to a maximum of 18 months of base salary.

In the case of Messrs. Frederick Cromer and David Coleal, there is an agreement pursuant to which they would be entitled to receive a separation allowance in an amount equal to 15 months of their base salary if their employment is terminated by the Corporation.

In the case of Mr. Laurent Troger, there is an agreement pursuant to which he would be entitled to receive a separation allowance in an amount equal to 18 months of his base salary if his employment is terminated by the Corporation.

For all NEOs listed above, the separation allowance will be paid only if the employment is terminated by the Corporation for any reason other than just cause.

As of the date of this Circular, there are no other termination or severance agreements or arrangements, including change-of-control arrangements, between Bombardier and any of the other NEOs.

The following table sets forth estimates of the incremental amounts payable to each of the NEOs upon retirement, termination without cause or death, assuming that each such event would have taken place on December 31, 2015. The table does not include the value of insurance benefits that could be continued for a few months following the occurrence of the respective event since they are generally available to all salaried employees.

Estimated Incremental Amounts Payable upon the Following Events Assumed to Occur on December 31, 2015 *			
NEO	Retirement (\$)	Termination without Cause (\$)	Death (\$)
Pierre Beaudoin	–	– <sup>(1)</sup>	–
Alain Bellemare	–	2,351,400 <sup>(2)</sup>	–
John Di Bert	–	470,300 <sup>(3)</sup>	–
Frederick Cromer	–	734,800 <sup>(4)</sup>	–
David Coleal	–	783,800 <sup>(4)</sup>	–
Laurent Troger	–	998,300 <sup>(5)</sup>	–

(1) Would be based on civil law requirements.

(2) Lump sum amount equal to 12 months of base salary and target bonus.

(3) Lump sum amount equal to 12 months of base salary.

(4) Lump sum amount equal to 15 months of base salary.

(5) Lump sum amount equal to 18 months of base salary.

\* All incremental amounts would be paid in Canadian dollars except for Mr. Laurent Troger where the incremental amount would be paid in Euros. The base salary and annual incentive plan amounts were converted from Canadian dollars and Euros to US dollars based on the average exchange rates of 0.7838 and 1.1092 respectively during the financial year ended on December 31, 2015.

The following table describes the consequences resulting from different types of termination from employment on the entitlement to the benefits of the Bombardier compensation programs assuming the event took place on December 31, 2015. As a general rule, only the accrued and vested benefits are paid under each of the compensation plans.

Retirement	
<b>Severance Payment</b>	None for voluntary retirement
<b>Bonus</b>	Entitled to pro-rata of bonus for portion of financial year prior to retirement date
<b>Stock Options</b>	If retirement on or after age 55 with 5 or more years of service, the size of the grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. The reduced number of stock options must be exercised in the following three years and regular vesting rules continue to apply during that period If retirement on or after age 60 with 5 or more years of service, stock options must be exercised in the following three years and regular vesting rules continue to apply during that period
<b>Restricted Share Units</b>	If retirement on or after age 55 with 5 or more years of service, RSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period If retirement on or after age 60 with 5 or more years of service, the size of the grant is not affected and will be paid at the end of the vesting period <sup>(2)</sup>
<b>Performance Share Units</b>	If retirement on or after age 55 with 5 or more years of service, PSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period, subject to meeting the performance objectives If retirement on or after age 60 with 5 or more years of service, the size of the grant is not affected and will be paid at the end of the vesting period, subject to meeting the performance objectives <sup>(2)</sup>
<b>Deferred Share Units <sup>(1)</sup></b>	Upon retirement, DSUs already vested are settled in Class B subordinate voting shares before the last day of the calendar year of retirement. All unvested DSUs expire immediately
<b>Pension Plan</b>	Pension benefits start being paid according to plan rules
<b>Benefits and Perquisites</b>	Some benefits could continue up to age 65 depending on the number of years of service. Perquisites expire upon retirement
Termination Without Cause	
<b>Severance Payment</b>	Will be based on common or civil law requirements, except as described in Section D. Termination and Change of Control Provisions of Section 5 of this Circular
<b>Bonus</b>	None, except as described in Section D. Termination and Change of Control Provisions of Section 5 of this Circular
<b>Stock Options</b>	The size of the grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. The reduced number of stock options must be exercised in the following three years and regular vesting rules continue to apply during that period
<b>Restricted Share Units</b>	The RSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period
<b>Performance Share Units</b>	The PSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period, subject to meeting the performance objectives
<b>Deferred Share Units <sup>(1)</sup></b>	Upon termination, DSUs already vested are settled in Class B subordinate voting shares before the last day of the calendar year of termination. All unvested DSUs expire immediately
<b>Pension Plan</b>	Value of pension benefits payable in accordance with local legal requirements
<b>Benefits and Perquisites</b>	All benefits and perquisites expire immediately or after a minimal period of a few months



Death	
<b>Severance Payment</b>	None
<b>Bonus</b>	Entitled to pro-rata of bonus for portion of financial year prior to the date of death
<b>Stock Options</b>	Already vested stock options could be exercised within the following 60 days
<b>Restricted Share Units</b>	The RSU grant is reduced in proportion to the length of service between the award date and the date of death to the length of the total vesting period
<b>Performance Share Units</b>	The PSU grant is reduced in proportion to the length of service between the award date and the date of death to the length of the total vesting period, subject to meeting the performance objectives
<b>Deferred Share Units <sup>(1)</sup></b>	Upon death, DSUs already vested are settled in Class B subordinate voting shares before the last day of the calendar year of death. All unvested DSUs expire immediately
<b>Pension Plan</b>	Value of pension benefits payable in accordance with local legal requirements
<b>Benefits and Perquisites</b>	All benefits expire immediately or after a minimal period of a few months (24 months if executive is survived by a spouse in Canada) Perquisites expire upon death
Voluntary Resignation or Termination with Cause	
<b>Severance Payment</b>	None
<b>Bonus</b>	None
<b>Stock Options</b>	All options expire immediately
<b>Restricted Share Units</b>	All RSUs expire immediately
<b>Performance Share Units</b>	All PSUs expire immediately
<b>Deferred Share Units <sup>(1)</sup></b>	Upon termination, DSUs already vested are settled in Class B subordinate voting shares before the last day of the calendar year of termination. However, vested DSUs may be cancelled by the HRCC if the termination of employment is due to a breach of the Code of Ethics. All unvested DSUs expire immediately
<b>Pension Plan</b>	Value of pension benefits payable in accordance with local legal requirements
<b>Benefits and Perquisites</b>	All benefits and perquisites expire immediately
Change of Control	
	Bombardier has no change of control arrangements or agreement with any of its NEOs

(1) Under the 2010 DSUP, such portion of a DSU grant attributable to a financial year or years (or portion thereof) during a voluntary authorized leave of absence before the vesting date shall expire.

(2) The same applies if the individual becomes disabled.

## E. SUMMARY

The HRCC is satisfied that Bombardier's current executive compensation policies, plans and levels of compensation are aligned with Bombardier's performance in light of applicable circumstances and reflect competitive market practices.

The HRCC is confident that these policies and plans allow Bombardier to attract, retain and motivate talented executives while promoting the creation of shareholder value.

The HRCC fully understands the long-term implications of the executive compensation policy and plans and the limitations that they may impose on the total compensation results.

The Chairman of the HRCC, Mr. Jean C. Monty, will be available to answer questions relating to Bombardier's executive compensation matters at the Meeting, on Thursday, April 28, 2016.

Submitted on February 16, 2016, by the Human Resources and Compensation Committee of the Board of Directors.

Jean C. Monty, Chairman  
Martha Finn Brooks  
Patrick Pichette  
Carlos E. Represas

## **DIRECTORS' AND OFFICERS' INSURANCE**

Bombardier has in place a Directors' and Officers' Liability program for the benefit of the Corporation, its directors and officers to indemnify them against certain liabilities incurred by them in their capacity as directors and officers of the Corporation, subject to the terms, conditions and exclusions of the policy. The limit of insurance provided is \$240,000,000 per occurrence and in the aggregate per year, at a cost of \$1,130,800 per annum. The deductible applicable to the Corporation is \$2,500,000 for any insured occurrence.

## **AVAILABLE DOCUMENTATION**

Copies of the Annual Information Form for the financial year ended December 31, 2015, the 2016 Circular, the Activity Report and the Financial Report of Bombardier, which includes its audited consolidated financial statements and its management's discussion and analysis thereon for the financial year ended December 31, 2015, as well as its quarterly financial statements filed since the date of its latest audited annual financial statements, may be obtained on request from the Public Affairs Department of Bombardier or at [www.bombardier.com](http://www.bombardier.com) or [www.sedar.com](http://www.sedar.com). Financial information related to Bombardier is provided in its comparative financial statements and management's discussion and analysis thereon for the financial year ended on December 31, 2015.

## **SHAREHOLDER PROPOSALS**

Shareholders of Bombardier who will be entitled to vote at the 2017 annual meeting of shareholders and who wish to submit a proposal in respect of any matter to be raised at such meeting must submit their proposal(s) to the Senior Vice President, General Counsel and Corporate Secretary of Bombardier no later than December 8, 2016.

Exhibit "F" attached to this Circular sets out the shareholder proposal that has been submitted for consideration at the Meeting by the Mouvement d'éducation et de défense des actionnaires (MÉDAC).

## **ADVANCE NOTICE REQUIREMENT FOR DIRECTOR NOMINATIONS**

Bombardier's By-Law One contains an advance notice requirement in circumstances where nominations of persons for election to the Board of Directors are made by shareholders of the Corporation other than pursuant to: (a) a requisition of a meeting made pursuant to the provisions of the CBCA; or (b) a shareholder proposal made pursuant to the provisions of the CBCA (the "Advance Notice Requirement"). In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than 30 nor more than 65 days prior to the date of the annual meeting; provided, however that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10<sup>th</sup> day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting was made. In addition, the Advance Notice Requirement sets forth the information that a shareholder must include in the notice for it to be valid, including, among other things, identification and shareholding information about the nominee and information about the shareholder making the nomination and any proxy, contract, arrangement, understanding or relationship pursuant to which such shareholder has a right to vote any shares of Bombardier. Bombardier's By-Law One is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **APPROVAL OF THE BOARD OF DIRECTORS OF BOMBARDIER**

The contents and the sending of this Circular have been approved by the Board of Directors.

Montréal, March 7, 2016



Daniel Desjardins  
Senior Vice President, General Counsel and Corporate Secretary

**EXHIBIT "A"**  
**BOMBARDIER INC.**  
**MANDATE OF THE BOARD OF DIRECTORS OF BOMBARDIER INC.**

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**MANDATE OF THE BOARD**

The role of the Board is to supervise the management of Bombardier's business and affairs with the objective of increasing profitability and, therefore, enhancing shareholder value.

The directors, in exercising their powers and discharging their duties, shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Management's role is to conduct the day-to-day operations in a way that is consistent with the business plan approved by the Board.

The Board decides all matters expressly stated herein to be under its jurisdiction or provided for under the *Canada Business Corporations Act* ("CBCA") or other applicable legislation or Bombardier's articles of incorporation or by-laws (subject always to the power of the Board to delegate to a Committee or to individual directors or officers any part of its authority which it may lawfully so delegate). The Board may assign to any Board Committee the prior review of any issues the Board is responsible for. Board Committee recommendations are subject to Board approval. The Board is to be informed of any Board Committee decisions at the regular Board meeting next following such decision.

As part of its stewardship responsibility, the Board advises management on significant business issues and has the following responsibilities:

**A. APPROVING BOMBARDIER'S STRATEGY**

- adopting a strategic plan, updating it on at least an annual basis, taking into account, among other things, the opportunities and risks of the business, and monitoring the implementation of the strategic plan by management;
- adopting, on an annual basis, an appropriate business plan which reflects the implementation of the first year of the strategic plan, and reviewing it on a quarterly basis.

**B. MONITORING FINANCIAL MATTERS AND INTERNAL CONTROLS**

- through the work and recommendations of the Audit Committee, monitoring the quality and integrity of Bombardier's accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems, including by overseeing:
  - a) the integrity and quality of Bombardier's financial statements and other financial information and the appropriateness of their disclosure;
  - b) independent auditors' qualifications and independence;
  - c) the performance of Bombardier's internal audit function and of Bombardier's independent auditors; and
  - d) Bombardier's compliance with its own Code of Ethics and Business Conduct and all applicable legal and regulatory requirements;
- except to the extent delegated by the Board, the responsibility of all decisions involving a minimum amount, as provided in the Administration Policy pertaining to the various levels of authority;
- based on the recommendations of the Audit Committee, recommending to the shareholders of Bombardier the appointment of its independent auditors;
- through the work and recommendations of the Finance and Risk Management Committee, ensuring that an appropriate risk assessment process is in place to identify, assesses and manage the principal risks of Bombardier's business;
- adopting communications policies and monitoring Bombardier's investor relations programs; Bombardier's communications policies (i) address how Bombardier interacts with analysts, investors, other key stakeholders and the public, (ii) contain measures for Bombardier to comply with its continuous and timely disclosure obligations and to avoid selective disclosure, and (iii) are reviewed at least annually.

**C. MONITORING PENSION FUND MATTERS**

- through the work and recommendations of the Finance and Risk Management Committee, monitoring and reviewing Bombardier's pension fund investment policies and practices, in the context of pension plan liabilities.

#### **D. MONITORING ENVIRONMENTAL MATTERS**

- through the work and recommendations of the Finance and Risk Management Committee, monitoring and reviewing, as appropriate, Bombardier's environmental policies and practices and overseeing their compliance with applicable legal and regulatory requirements.

#### **E. MONITORING OCCUPATIONAL HEALTH AND SAFETY MATTERS**

- through the work and recommendations of the Human Resources and Compensation Committee, monitoring and reviewing, as appropriate, Bombardier's occupational health and safety policies and practices and overseeing their compliance with applicable legal and regulatory requirements.

#### **F. OVERSEEING THE SUCCESSION PLANNING OF THE CHIEF EXECUTIVE OFFICER AND A NUMBER OF SELECTED SENIOR EXECUTIVE POSITIONS THROUGH THE APPROPRIATE MECHANISMS PUT IN PLACE BY THE HUMAN RESOURCES AND COMPENSATION COMMITTEE**

- appointing the Chief Executive Officer, monitoring his performance and overseeing the appointment of a number of selected senior executive positions;
- approving the compensation of the Chief Executive Officer and ensuring that an appropriate portion of the compensation of the Chief Executive Officer and of a number of selected senior executive positions is tied to the short- and long-term performance of Bombardier;
- ensuring that recruitment, training and development processes are in place to attract, motivate and retain qualified executives to meet Bombardier's business objectives.

#### **G. MONITORING CORPORATE GOVERNANCE ISSUES THROUGH THE WORK AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE AND NOMINATING COMMITTEE**

- monitoring the size and composition of the Board to ensure effective decision-making;
- overseeing management in the competent and ethical operation of Bombardier;
- monitoring Bombardier's approach to governance issues and monitoring and reviewing, as appropriate, Bombardier's Corporate Governance Manual and policies;
- reviewing, from time to time, Bombardier's Code of Ethics and Business Conduct applicable to Bombardier's directors, officers, and employees;
- ensuring the annual performance assessment of the Board, Board Committees, board and committee chairs and individual directors and determining their remuneration;
- recommending to the Board (i) the Board nominees for election at the annual meeting of shareholders or (ii) up to two nominees to be appointed by the Board as additional directors to hold office for a term expiring not later than the close of the next annual meeting of shareholders or (iii) the nominees to fill Board vacancies.

#### **H. THE LEAD DIRECTOR**

- prior to or after each regular meeting of the Board, if required, the independent directors will meet under the chairmanship of the Lead Director who is appointed annually by the members of the Board;
- additional meetings may be held at the request of any independent director;
- thereafter, the Lead Director will transmit to the Chairman of the Board and Chief Executive Officer, any comment, question or suggestion of independent directors;
- independent directors have no decision-making power;
- independent directors may provide for their own procedure such as secretariat, notices of meeting, minutes and similar matters;
- their quorum is composed of a majority of the independent directors.

## **EXHIBIT "B"**

### **BOMBARDIER INC.**

#### **SPECIAL RESOLUTION**

#### **AMENDMENT TO THE ARTICLES OF AMALGAMATION OF BOMBARDIER – INCREASE IN THE NUMBERS OF CLASS A SHARES (MULTIPLE VOTING) AND CLASS B SHARES (SUBORDINATE VOTING) THAT MAY BE ISSUED**

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"RESOLVED as a Special Resolution:

THAT Bombardier Inc. (the "Corporation") be and it is hereby authorized to apply for a certificate of amendment under Section 173 of the *Canada Business Corporations Act* to amend its Articles of Amalgamation, as amended, effective April 28, 2016, by increasing the number of Class A shares (multiple voting) and the number of Class B shares (subordinate voting) that the Corporation is authorized to issue from 2,742,000,000 to 3,592,000,000;

THAT the Articles of Amendment of the Corporation, which form an integral part of this Special Resolution, as submitted to this Meeting, be and the same are hereby approved;

THAT any director or any officer of the Corporation be, and each of them is hereby, authorized and directed for and in the name and on behalf of the Corporation to execute and deliver or cause to be delivered Articles of Amendment to the Director under the *Canada Business Corporations Act* and to execute and deliver or cause to be delivered all documents and to take any action which, in the opinion of that person, may be necessary or desirable to give effect to this Special Resolution;

THAT, notwithstanding that this Special Resolution has been duly adopted by the shareholders of the Corporation, the Board of Directors of the Corporation be and it is hereby authorized, in its sole discretion, to revoke this Special Resolution in whole or in part at any time prior to its being given effect without further notice to, or approval of, the shareholders of the Corporation; and

THAT any director or any officer of the Corporation be, and each of them is hereby, authorized and directed for and in the name and on behalf of the Corporation, to sign and deliver such other notices and documents and to do such other acts and things, as in the opinion of that person, may be necessary or desirable to give effect to this Special Resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

#### **ARTICLES OF AMENDMENT**

Schedule 1 of the Articles of Amalgamation, as amended, of the Corporation is amended as follows, effective April 28, 2016:

The first sentence of the introductory paragraph is modified by replacing therein the number "2,742,000,000" by the number "3,592,000,000", so that said sentence will henceforth read as follows:

"The shares of the Corporation shall consist of (i) an unlimited number of preferred shares without nominal or par value issuable in series (hereinafter called "Preferred Shares"), of which 12,000,000 have been designated as "Series 2 Cumulative Redeemable Preferred Shares" (hereinafter called "Series 2 Preferred Shares"), 12,000,000 have been designated as "Series 3 Cumulative Redeemable Preferred Shares" (hereinafter called "Series 3 Preferred Shares") and 9,400,000 have been designated as "Series 4 Cumulative Redeemable Preferred Shares" (hereinafter called "Series 4 Preferred Shares"), (ii) 3,592,000,000 Class A shares (multiple voting) and (iii) 3,592,000,000 Class B shares (subordinate voting), (such Class A shares (multiple voting) and Class B shares (subordinate voting) being collectively called, where applicable, "Restricted Shares") and the rights, privileges, conditions and restrictions attaching to each such class or series of shares are as hereinafter set forth."

**EXHIBIT "C"**  
**BOMBARDIER INC.**  
**ORDINARY RESOLUTION**  
**AMENDMENTS TO THE STOCK OPTION PLAN OF BOMBARDIER**

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"RESOLVED as an Ordinary Resolution/Stock Option Plan:

THAT Bombardier Inc. (the "Corporation") be and it is hereby authorized to amend its Stock Option Plan, as amended (the "Stock Option Plan"), to (i) increase the maximum number of Class B shares (subordinate voting) of the Corporation issuable pursuant to the exercise of options under the Stock Option Plan by 88,858,507 Class B shares (subordinate voting) from 135,782,688 to 224,641,195, and (ii) modify the limitation on the number of Class B shares (subordinate voting) of the Corporation issuable, in the aggregate, pursuant to the Stock Option Plan and any other security-based compensation arrangement of the Corporation, at any time, such that such number shall not exceed 10% of the aggregate number of issued and outstanding Class B shares (subordinate voting) and Class A shares (multiple voting) of the Corporation;

THAT the Stock Option Plan of the Corporation, as amended, is hereby approved, confirmed and ratified;

THAT any director or any officer of the Corporation be, and each of them is hereby, authorized and directed for and in the name and on behalf of the Corporation, to sign and deliver such other notices and documents and to do such other acts and things, as in the opinion of that person, may be necessary or desirable to give effect to this Ordinary Resolution/Stock Option Plan, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."



**EXHIBIT "D"**  
**BOMBARDIER INC.**  
**ORDINARY RESOLUTION**  
**AMENDMENTS TO THE 2010 DEFERRED SHARE UNIT PLAN OF BOMBARDIER**

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"RESOLVED as an Ordinary Resolution/2010 DSUP:

THAT Bombardier Inc. (the "Corporation") be and it is hereby authorized to amend its 2010 Deferred Share Unit Plan, as amended (the "2010 DSUP"), to modify the limitation on the number of Class B shares (subordinate voting) of the Corporation issuable, in the aggregate, pursuant to the 2010 DSUP and any other security-based compensation arrangement of the Corporation, at any time, such that such number shall not exceed 10% of the aggregate number of issued and outstanding Class B shares (subordinate voting) and Class A shares (multiple voting) of the Corporation;

THAT the 2010 DSUP of the Corporation, as amended, is hereby approved, confirmed and ratified;

THAT any director or any officer of the Corporation be, and each of them is hereby, authorized and directed for and in the name and on behalf of the Corporation, to sign and deliver such other notices and documents and to do such other acts and things, as in the opinion of that person, may be necessary or desirable to give effect to this Ordinary Resolution/2010 DSUP, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

## **EXHIBIT "E"**

### **BOMBARDIER INC.**

#### **SPECIAL RESOLUTION**

#### **AMENDMENT TO THE ARTICLES OF AMALGAMATION OF BOMBARDIER – CONSOLIDATION OF THE ISSUED AND UNISSUED CLASS A SHARES (MULTIPLE VOTING) AND CLASS B SHARES (SUBORDINATE VOTING)**

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"RESOLVED as a Special Resolution:

THAT Bombardier Inc. (the "Corporation") be and it is hereby authorized to apply for a certificate of amendment under Section 173 of the *Canada Business Corporations Act* to amend its Articles of Amalgamation, as amended, to change the numbers of issued and unissued Class A shares (multiple voting) and Class B shares (subordinate voting) of the Corporation by consolidating the issued and unissued Class A shares (multiple voting) and Class B shares (subordinate voting) of the Corporation on the basis of no more than (A) one (1) new post-consolidation Class A share (multiple voting) for every sixteen (16) pre-consolidation Class A shares (multiple voting) of the Corporation and one (1) post-consolidation Class B share (subordinate voting) for every sixteen (16) pre-consolidation Class B shares (subordinate voting) of the Corporation, and no less than (B) one (1) new post-consolidation Class A share (multiple voting) for every eight (8) pre-consolidation Class A shares (multiple voting) of the Corporation and one (1) post-consolidation Class B share (subordinate voting) for every eight (8) pre-consolidation Class B shares (subordinate voting) of the Corporation (the "Share Consolidation"), and in the event that the Share Consolidation would otherwise result in a holder of Class A shares (multiple voting) and/or Class B shares (subordinate voting) of the Corporation holding a fraction of a Class A share (multiple voting) or Class B share (subordinate voting) of the Corporation, as the case may be, such holder shall not receive any whole new share for each such fraction, and any and all fractional Class A shares (multiple voting) and Class B shares (subordinate voting) of the Corporation to which registered holders would otherwise be entitled as a result of the Share Consolidation shall be aggregated and sold by the Corporation's transfer agent and registrar on the market, with the proceeds therefrom, net of brokerage commissions and expenses, being proportionately distributed (without interest) to registered holders of Class A shares (multiple voting) of the Corporation and/or Class B shares (subordinate voting) of the Corporation, as applicable, such amendment to become effective at a date in the future to be determined by the Board of Directors when the Board of Directors considers it to be in the best interests of the Corporation to implement such a Share Consolidation, but in any event not later than October 31, 2016, subject to approval of the Toronto Stock Exchange;

THAT effective upon the implementation of the Share Consolidation, the first sentence of the preamble of the Articles of Amalgamation of the Corporation, as amended, be modified in order that each occurrence of the number of Class A shares (multiple voting) and the number of Class B shares (subordinate voting) that the Corporation is authorized to issue be proportionately adjusted based on the Share Consolidation ratio selected by the Board of Directors;

THAT effective upon the implementation of the Share Consolidation, Section 3.3.1 of the Articles of Amalgamation of the Corporation, as amended, be modified in order that the rate of the priority dividend per share per annum carried by the Class B subordinate voting shares of the Corporation, currently set at \$0.0015625 per share per annum in the Articles of Amalgamation, be proportionately adjusted based on the Share Consolidation ratio selected by the Board of Directors;

THAT any director or any officer of the Corporation be, and each of them is hereby, authorized and directed for and in the name and on behalf of the Corporation to execute and deliver or cause to be delivered articles of amendment to the Director under the *Canada Business Corporations Act* and to execute and deliver or cause to be delivered all documents and to take any action which, in the opinion of that person, may be necessary or desirable to give effect to this Special Resolution;

THAT, notwithstanding that this Special Resolution has been duly adopted by the shareholders of the Corporation, the Board of Directors of the Corporation be and it is hereby authorized, in its sole discretion, to revoke this Special Resolution in whole or in part at any time prior to its being given effect without further notice to, or approval of, the shareholders of the Corporation; and

THAT any director or any officer of the Corporation be, and each of them is hereby, authorized and directed for and in the name and on behalf of the Corporation, to sign and deliver such other notices and documents and to do such other acts and things, as in the opinion of that person, may be necessary or desirable to give effect to this Special Resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

## **EXHIBIT "F"**

### **BOMBARDIER INC.**

### **SHAREHOLDER PROPOSAL**

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The following shareholder proposal has been submitted for consideration at the Meeting by the MÉDAC.

#### **SEPARATE DISCLOSURE OF VOTING RESULTS BY CLASS OF SHARES**

It is proposed that the company disclose voting results by class of shares, namely those shares carrying one voting right and those carrying multiple voting rights.

#### **ARGUMENT**

Currently, voting results are disclosed without any distinction. We believe that it is important for those results to be disclosed separately in order to determine whether the concerns of the holders of the two types of shares are aligned. As stated in our recent proposals, multiple voting shares offer attractive benefits to both controlling and minority investors "[translation] whenever and wherever the legal framework and governance principles provide adequate protection of minority shareholders."<sup>1</sup>

To ensure such adequate protection, minority shareholders need quick and direct access to the results of their votes so they can be sure that their voices have been heard and will lead to actions better aligned with their expectations. Our experience in recent years shows that holders of both types of shares may not have the same concerns. Cases in point include the institution of an advisory vote on executive compensation, the renewal of the term(s) of office of one or more directors and a better gender balance on boards of directors.

This formula of disclosing results separately for the two classes of shares was, incidentally, adopted by Québecor in 2014.

Such information would enable minority shareholders to better monitor the actions taken by the company to meet their expectations and would promote a more sustained dialogue between the two classes of shareholders. It could even result in greater minority shareholder loyalty and thereby build the type of consensus and mutual trust that can prove very useful when organizations go through difficult times.

**The Board of Directors of Bombardier recommends to its shareholders and their proxyholders to vote AGAINST this proposal.**

Bombardier is firmly committed to providing investors with the highest level of meaningful and relevant disclosure in accordance with applicable corporate and securities laws and best practices. Given that the CBCA, being the corporate law under which Bombardier is amalgamated, prescribes that, except with respect to specified matters where class votes are required, matters put to a shareholder vote are determined by the majority of votes cast by the holders of Class A shares and by the holders of Class B subordinate voting shares, present or represented by proxy at a meeting of shareholders of the Corporation, voting together as a single class, providing disclosure of shareholder voting results on a class-by-class basis would not provide investors with any meaningful or relevant information. Of the few companies that disclose voting results on a class-by-class basis, many do so only in respect of director election results, and mainly because a particular class of shareholders is entitled to vote separately for a certain number of directors representing that class. In contrast, the holders of Class A shares and the holders of Class B subordinate voting shares vote together in respect of the election of all Bombardier directors.

Moreover, the Corporation's dual-class share structure has been in place for over 35 years, and the shareholders of Bombardier have invested in the Corporation while being fully cognizant of its dual-class share structure. The voting rights of the Class A shares and Class B subordinate voting shares are clearly disclosed in the Corporation's annual information forms and management information circulars, including the fact that the Class B subordinate voting shares are restricted securities (within the meaning of the relevant Canadian regulations respecting securities). Both classes of shares are widely held and are listed on the TSX. Although the trading volume of the Class A shares is modest when compared to the trading volume of the Class B subordinate voting shares, there are no restrictions on an investor purchasing Class A shares in the market if the rights, privileges, conditions and restrictions attaching to such shares make them a more suitable investment in light of such investor's particular needs.

The Corporation is conscious of the need to provide holders of Class B subordinate voting shares with meaningful protection as shareholders. The Corporation believes that the protection under the Corporation's articles of amalgamation, applicable Canadian law and regulations of the TSX provides appropriate rights to such shareholders. Except as otherwise provided in the Corporation's articles of amalgamation, the Class A shares and the Class B subordinate voting shares have the same rights, are equal in all respects and are treated by the Corporation as if they were shares of one class only.

<sup>1</sup> IGOPP. Yvan Allaire, <https://igopp.org/les-actions-multivotantes-2/>

Although the holders of Class A shares exercise a majority of total votes, under the CBCA, the approval of the holders of each class of shares, voting separately as a class, is generally required for fundamental corporate changes. In line with applicable TSX requirements, the articles of amalgamation of the Corporation contain “coattail” provisions for the benefit of Class B shareholders, with the aim of ensuring fair treatment of Class B shareholders in the event that the Majority Holder (as defined in the Articles of Amalgamation of the Corporation), namely the Bombardier family, accepts a purchase offer for Class A shares or in the event that the Majority Holder ceases to hold more than 50% of the issued and outstanding Class A shares. Minority shareholders also have the benefit of oppression remedies and dissent rights provided by the CBCA. In addition, applicable securities laws, rules and regulations protect minority shareholders in the context of insider bids, issuer bids, business combinations and related party transactions. Applicable governance rules in effect also require public companies to disclose certain of their board practices and recommend to have at least a majority of independent directors (as does the Corporation). Finally, and most importantly, all directors have fiduciary duties to act in the best interests of the companies they serve. This requires directors to consider and balance many interests, not solely the interests of the controlling shareholders or the shareholders collectively, and regardless of who nominated or suggested the nomination of a particular director.

The Board of Directors is of the view that the proposed disclosure measures fail to recognize the differences inherent to companies with a group of controlling shareholders, which controlling shareholders will necessarily cast a majority of the votes in respect of matters put to a shareholder vote, except as otherwise prescribed by law. As explained above, except as provided in the Corporation’s articles of amalgamation, the Class A shares and the Class B subordinate voting shares have the same rights, are equal in all respects and are treated by the Corporation as if they were shares of one class only. The Board of Directors is concerned that if the proposed disclosure measures were implemented, holders of Class B subordinate voting shares may be misled into believing that their vote has a separate impact, as a class, on the outcome of voting results.

The Board of Directors believes that the Corporation’s governance practices and track record reflect a consistent regard for the interests of all shareholders, notwithstanding the different voting rights inherent in its capital structure.

For these reasons, Bombardier believes that its governance and disclosure practices, coupled with the several protections under its articles of amalgamation, applicable Canadian law and regulations of the TSX, provide appropriate and meaningful protection and transparency to the holders of Class B subordinate voting shares and therefore recommends shareholders vote **AGAINST** the proposal.

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